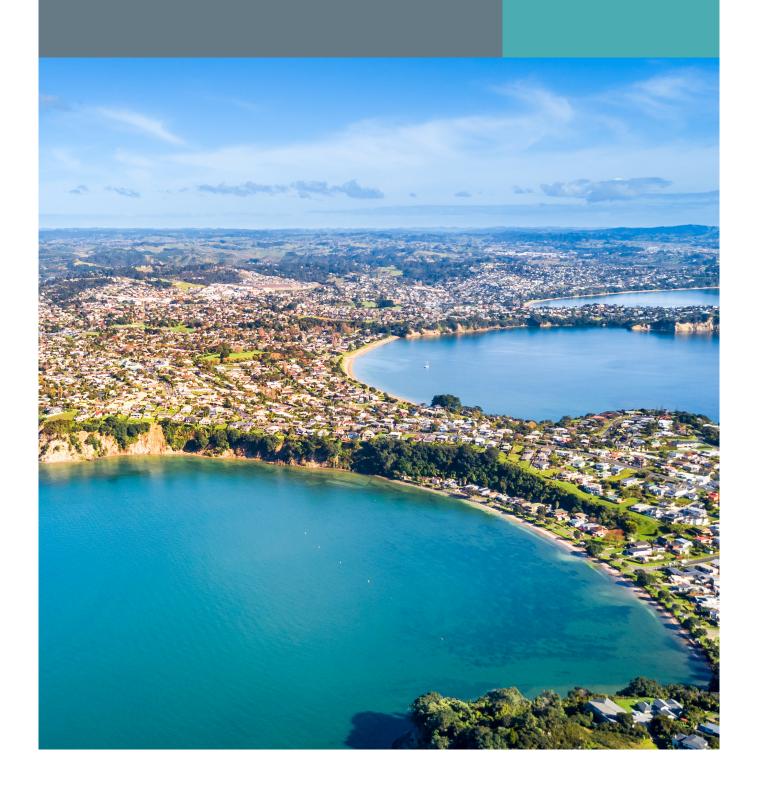
# A Stocktake of New Zealand's Housing

— FEBRUARY 2018 —

Alan Johnson Philippa Howden-Chapman Shamubeel Eagub



### **ACKNOWLEDGEMENTS**

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## New Zealand Government

### A Stocktake of New Zealand's Housing – February 2018

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# Foreword – Housing Stocktake

There was a time, in the not-so distant past, when housing was affordable and buying a house to raise your family was not the unobtainable dream it is today.

With homeownership now at a 60-year low and families forced to live in overcrowded houses, it is clear New Zealand's housing system is failing too many people. That an unknown number of children are living in cars and thousands more are admitted to hospital every year with preventable illnesses caused by poor housing, is nothing short of a tragedy.

This Government is committed to fixing New Zealand's housing crisis.

But to understand how to fix the crisis, we must first understand the extent of the problems. This requires a "warts and all" look at the entire housing continuum from homelessness, to the rising demand for state houses, through to the state of the real estate market.

For this reason, the Government commissioned independent experts Alan Johnson, Philippa Howden-Chapman and Shamubeel Eaqub to report on the state of housing in New Zealand.

This report is an important building block that will help the Government make policy decisions. It assesses the key parts of our housing system; examining market renting, homeownership, new housing, state and social housing, housing assistance, homelessness and emergency housing, security of tenure and the social costs and benefits of housing quality.

We must acknowledge the harsh effects the housing crisis has had on Māori. They have borne the brunt of rapidly rising house prices and skyrocketing rents. A crucial part of Government policy must help more Māori into their own homes, and there are great opportunities to partner with Māori organisations to do this.

All New Zealanders deserve to have a secure and healthy home. That is the foundation which allows us all to build happy and successful lives.

It is time to take bold action to stop the stress and disruption the housing crisis is causing our people, and especially our kids.

HON PHIL TWYFORD

Minister of Housing and Urban Development

February 2018

## Introduction

This stocktake report was commissioned by the Minister of Housing and Urban Development the Hon Phil Twyford in November 2017. Its main purpose is to provide the New Zealand public with a broad overview of the current state of housing markets and the housing system in New Zealand. This overview takes the form of a series of brief reviews of various housing outcomes and policy areas and backs these with extensive data and additional references.

The brevity of this overview alongside the complexity of the topics it grapples with means that this stocktake is high level and intentionally so. Such a perspective has allowed the authors to identify the key issues facing New Zealand in the housing and social policy spaces. However, although the project brief was to produce a report which is quite descriptive and avoids commenting on policy, this direction has proved difficult to follow completely. This is in part because many of the outcomes identified here are a consequence of policy – the high levels of children's hospitalisations as a result of poor quality housing is one such example.

The approach taken here is to limit commentary on policy to just the identification of areas where either additional work should be done or where a re-focus might be useful. Based on this approach the following is offered as a summary of this stocktake.

### Response to homelessness inadequate

In mid-2016 the previous National Government began to appreciate the extent of the growing shortage in affordable good quality rental housing and commenced an emergency housing programme with some urgency. This programme has expanded the number of places available for families without secure housing from 643 in September 2016 to 1,663 in September 2017 with a target of 2,155 places by the end of 2017¹ and introduced the Emergency Housing Special Needs Grant (EHSNG). Over the same period the numbers of households categorised as Priority A on the social housing waiting list and living in insecure housing almost doubled from 1,139 to 2,168. Evidence on the size and trends in homelessness is always difficult to gather on account of the diverse nature of the problem and the difficulty in measuring it because of privacy and often secrecy around it. From the limited primary data gathering able to be done in the preparation of this report there is no evidence available to suggest that the homelessness problem – in its many guises – is easing, but it may be stabilising. The suggestion by Ministry of Business Innovation and Employment (MBIE) in its briefing to the Minister of Housing and Urban Development that Auckland's housing shortage has reached almost 45,000 units and grew by about 8,000 in the past year suggests that the most recent response may still not be adequate.

### A problem in the main centres

Home ownership rates have fallen to the lowest levels in 60 years. House price inflation over the past five years has been around 30% across New Zealand overall while incomes have risen by about half this rate. There is however significant regional variance around this average national rate with house prices rising by approximately 65% in Auckland and 45% in Waikato. These increases have had two sorts of impacts. For first-home buyers they present obvious barriers to entering the market which have been added to with lower loan-to-value ratios being required as a result of the Reserve Bank's policies primarily to promote financial sector stability. On the positive side are historically low interest rates, which have made housing costs for all indebted owner-occupiers lower. The second but somewhat indirect impact is on rents. High house prices have subdued yields on rental property investment and are likely to have also limited new supply of rental housing, which in turn has caused rents to rise faster than incomes. This trend is noticeable since 2015. Housing affordability is not a growing problem for established homeowners and for tenants living in regions with little or no population growth.<sup>2</sup> It is however a problem for first-home buyers and for tenants in the main cities, the towns and communities around these and resort towns. Current settings around housing assistance programmes, like the Accommodation Supplement, are doing little to relieve these affordability problems.

### Lack of housing supply exacerbated by infrastructure funding constraints

Underlying these affordability problems is an inadequate supply of new housing. While current levels of building consents and house construction are at decade highs, these levels are not exceptional over a longer history and have certainly not been adequate for the strong population growth experienced over the past five years. This population growth has been fuelled by a large increase in net migration that has had a particular impact on Auckland, which is growing at the rate of 40,000 people per year. The current shortfall of housing in Auckland is estimated to be at around 28,000 dwellings over the past decade, although other estimates put this deficit at 45,000 units. Constraints around planning and resource and building consents have been blamed for this shortfall and there is probably some justification for this. However, bigger existing and future constraints are around the funding and provision of urban infrastructure to support new house building and it is by no means clear the local Councils and their ratepayers can continue to borrow to fund these assets.

### Private rental housing growing and under stress

About half of New Zealand adults owned their home in 2013. The private rental housing market appears to be under considerable supply side pressure on account of high house construction costs, high house prices and low yields. Over 70% of the additional 150,000 households formed over the past decade are likely to have become tenants and recent strong population growth has consolidated this strong demand for private rental accommodation. Signs of stress within this market include rents beginning to rise faster than wages and salaries – perhaps twice as fast in some places – and declining turnover of tenancies as people remain in the housing they have. Rising levels of homelessness and continuing rates of housing related poverty are also further evidence of this stress. Regrettably, there are no short-term fixes to these problems.

### Housing insecurity increases for Māori and Pacific peoples

Recent housing policies have failed to address the housing problems of Māori and Pacific peoples. Rising housing costs have contributed to declining home ownership rates, greater housing instability, and Māori and Pacific peoples living in poor quality housing. By 2013, Māori and Pacific homeownership rates had declined relatively rapidly to 28% for Māori and 19% for Pacific peoples, compared with 57% for Europeans.

Māori landowners have a range of spiritual, cultural and economic aspirations for their whenua including housing. Despite the apparent availability of land owned by Māori, there are challenges related to achieving the right to build on multiply owned land, the provision of infrastructure, access to finance, and central and local planning rules.<sup>3,4</sup> Reductions in the number of state houses have led to major shifts in tenure patterns for those on low incomes. In the renting population, between 1986 and 2013, the proportion of Māori renting state housing dropped by 29 percentage points compared to 16 points overall. As state housing has become less available, unaffordable rentals in the private market have become the only option available for many families. Again in the renting population, the proportion renting in the private sector rose rapidly from 1986, but for Māori, the percentage increased from 41% to 77%. In 1986, around half of Māori children lived in an owner-occupied dwelling, but by 2013, the proportion was only 39%.<sup>5</sup>

These trends are also clear for Pacific peoples. Between 1986 and 2013, the proportion of Pacific peoples renting state housing dropped 27 percentage points and the proportion renting in the private sector increased from 27% to 56%. The proportion of Pacific children who lived in an owner-occupied dwelling dropped from around half in 1986 to 28% in 2013.

Private rental tenants generally pay a much higher proportion of their disposable household income on housing than owner-occupiers or social housing tenants. Because rising housing costs are increasingly impoverishing low-income households, one response to these costs is household crowding, which adds to the serious risks of infectious diseases and hospitalisation, and another is increased rates of homelessness. Concerted effective policy action is needed to increase home ownership and rental security for Māori and Pacific households.<sup>5</sup>

### The future of the Accommodation Supplement

The previous Government's decision to increase maximum payments under the Accommodation Supplement (AS) programme was overdue and the present Government's decision to press ahead with these increases, in April 2018, is sensible under the circumstances of rising rents and increasing levels of housing-related poverty. However, such policy adjustments are unlikely to offer much relief and cannot be seen as a medium-term solution to the clear limitations of the AS as one of the main housing affordability policy instruments. The announced changes will eventually put a further \$500 million annually into the AS programme and more than \$400 million into private rental housing markets. The extent to which the AS is effectively a tenants' or landlords' subsidy is unclear, but will be partly determined by the available rental supply and will be tested by changes in rents during mid-2018 as this increased expenditure feeds through. The supply side pressure in private rental housing markets suggests that much of this increase will be soaked up in even higher rents. If this is the case then the need for a radical review of the AS will become apparent.

### Tenants' rights need strengthening

Private rental housing tends to be of poorer quality and the tenure of such housing is more tenuous than home ownership. In the absence of any regulatory enforcement and as demand has out-stripped supply, there have been few incentives for landlords to maintain or improve the quality of their rental houses, which on average are of poorer quality than owner-occupied homes. The social and economic costs of these poor housing conditions and of insecure tenure are well documented in this paper. Tenant households tend to have higher housing costs relative to their income and to suffer poorer health outcomes. In addition, children from tenant households are more mobile and are at greater risk of not succeeding at school. In the current market there are few incentives for landlords to have fixed-term tenancy agreements longer than 12 months, which precludes rent increases for the duration of the tenancy (unless otherwise agreed). This leaves most tenants with little security of tenure and no effective protection against frequent six-monthly rent increases. Private rental housing will feature prominently in our future housing landscape, regardless of what is achieved in building more social housing and in extending home ownership options for first time home buyers. The authors see a fundamental review of tenancy law, which provides greater security of tenure for tenants and encourages professional landlordism, as being an important and overdue social policy challenge.

### Older people facing increasing housing-related poverty

The falling rates of homeownership over the past 25 years is now feeding through into the housing options for retiring Baby Boomers. The numbers of people receiving both New Zealand Superannuation and an Accommodation Supplement payment is growing by 2,000 per year. While the historic basis for current retirement income policy settings is unclear these were developed in a time where most people retired with debt-free home ownership and when there was adequate provision of social housing to cater for those who had not achieved this. These conditions are long gone and increasing numbers of retired people will need to gain housing in the private rental market. Their limited income – even with the Accommodation Supplement – may make this difficult and there is a growing risk that we will see more and more older people living in housing-related poverty.

# 1. Market Renting

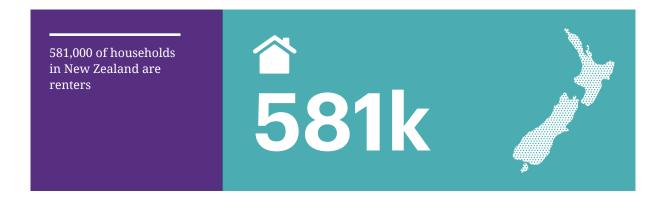
Renting can give flexibility, but can also cause instability. While renting is a good option for many, for others, especially those with young children or those who are retired, the lack of control of housing costs and dislocation can have far-reaching consequences discussed later. Though current rental laws do not preclude long-term rentals, the market pattern is commonly a one-year fixed tenancy with an average relatively short term of about two-years. Without a fixed-term tenancy, a landlord is only required to give tenants 90-days' notice.

Renting is becoming less affordable than it was in the 1980s, with a pattern of an increasing number of crowded households and number of people living in them and ongoing state assistance. Growing demand, when there is already an inadequate supply of housing, combined with the sale of public housing, is creating intense pressures. The rental stock is less likely to turn over and tenancies are gradually becoming longer – consistent with a tighter rental market.

### 1.1 Demand and supply of rental housing

In the 2013 Census, only about half New Zealand adults owned their home. In official statistics, housing tenure is measured in two main ways – the tenure of the household and the tenure of all New Zealand adults (15+). In the 2013 Census, 33% of people in households lived in a rented dwelling. A further 3% lived in a rent-free dwelling. As at 30 September 2017, Stats NZ estimates of households and dwellings by tenure show that the number of dwellings either rented or provided rent-free to occupants grew almost 23% between 2007 and 2017, while the total number of dwellings grew just 11% (see Figure 1.1 and Appendix Table 1). This means that nearly 70% of the additional dwellings were occupied by tenants. In turn, this indicates that the proportion of dwellings tenanted rose from 34% in late 2007 to 37% in late 2017. These estimates assume a continuation of recent trends in household tenure, until definitive results from the 2018 census are available.

Quarterly Stats NZ dwelling and household estimates indicate that there are around 581,000 renting households at 31 December 2017. A further 1,735,000 households were 'owner-occupied'



(including those held in a family trust) and another 65,000 households had their dwellings provided free by individuals, private trusts, businesses or government agencies.

These figures include a small number of temporary dwellings (10,782 were counted at the 2013 Census, or just under 1% of all privately-occupied dwellings). MBIE estimates, derived from the 2013 Census, are close to Stats NZ's – 574,000 households renting, mostly from private landlords and in larger households. Yet, there are only 387,000 active bonds in MBIE's Residential Tenancy Trust Account (RTTA) as requiring, collecting and lodging bonds is at the discretion of landlords. Households that rent from friends or family, or from an employer, are likely to be included in the population that have not lodged a bond. A 2017 BRANZ survey estimated that bonds are lodged in 82% of tenancies. There are approximately 400,000 RTTA transactions per year and currently just over \$500 million in bonds in the RTTA.

The Tenancy Tribunal is funded by the interest from these funds (that is, tenants' money), yet 90% of the applications to the Tribunal are from landlords, effectively making it a landlords' tribunal. Bonds that are unclaimed at the end of a tenancy and not collected after six years are transferred to the Government's Consolidated Fund. Over the five years to 2015, a significant amount (\$46 million) was transferred into this fund, which despite the initial intent of the Tribunal makes the tenancy bond effectively a regressive transfer.<sup>10</sup>



FIGURE 1.1: ESTIMATES OF TENANT HOUSEHOLDS AND RENTED DWELLINGS - 2007 TO 2017<sup>11</sup>

There is considerable disparity in rates of renting by ethnic groups and between regions. Figure 1.2 illustrates tenure patterns by ethnicity taken from Census data since 1986, which shows clearly the higher rates of renting by Māori and Pacific peoples and the increasing rates since 1991, when home-ownership rates peaked – especially for Pacific peoples. These trends are an indication of relatively lower incomes among Māori and Pacific peoples, who are less able to afford a deposit on a home, which, apart from providing social and cultural security, then becomes a major asset, a store of wealth that can be used as an economic buffer.

Table 2 in the Appendix reports 2013 Census regional tenure patterns and estimates changes in dwellings since then. Regions with the highest proportions of rental housing are Gisborne (43%) and Auckland (40%), while those with the lowest rates are Tasman (27%) and Marlborough (31%).

There is considerable disparity in rates of renting with higher rates experienced by Māori and Pacific peoples

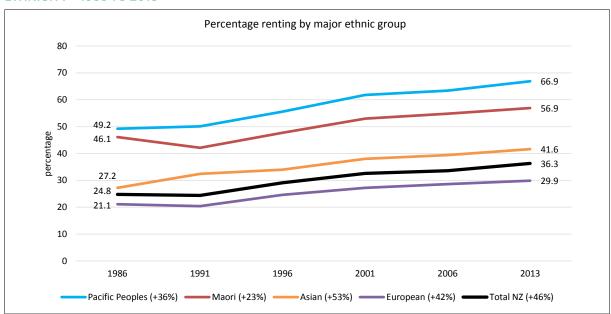
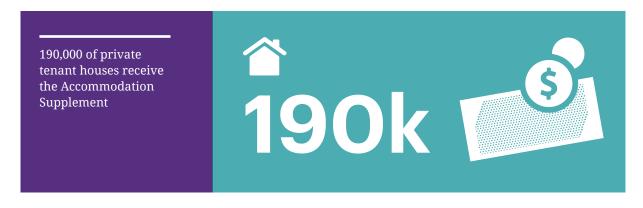


FIGURE 1.2: PROPORTION OF PEOPLE IN HOUSEHOLDS THAT DID NOT OWN THEIR DWELLING BY ETHNICITY – 1986 TO 2013<sup>12</sup>

As discussed elsewhere in this paper the rental housing market is heavily reliant on public subsidies for its viability. Of the 687,000 dwellings either rented or provided rent-free around 82,000 are social housing units while a further 190,000 private tenant households received the Accommodation Supplement. In other words, around 40% of the private rental market has some level of state or public support. The numbers of social housing units and subsidised private tenants have changed little over the past decade while the number of households renting in the private sector grew by 126,000 between 2007 and 2017. This means that a dwindling proportion of households are being supported against a background of rising rents.

The slow rate of new building relative to population growth has meant that the traditional model of building more expensive new houses for owner-occupiers, with older stock passed down to the rental market, is not working. Current rental yields are too low in most regions to justify building new houses to rent. Rather, capital gains far outstrip rental returns. Many are 'accidental' landlords, who are really in the business of owning a home for capital gains, which happens to have tenants.

This framing of 'accidental landlord' primarily seeking capital gains is to some extent borne out by the evidence of declining yields on investments in residential rental properties. As shown in Figure 1.3 and Appendix Table 3 rental investment yields have fallen gradually from 6% to 7% in 1997 to 3.5% to 5% in 2017. Such rates of return are now below mortgage interest rates and are close to low-risk deposit rates.



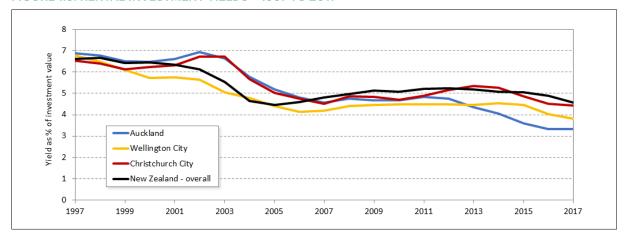


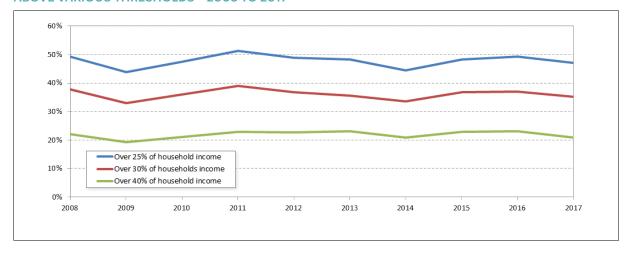
FIGURE 1.3: RENTAL INVESTMENT YIELDS - 1997 TO 2017<sup>13</sup>

### 1.2 Rents and affordability

Data on the affordability of rental housing show a mixed picture depending on the source of the data and its focus. Stats NZ's Household Economic Survey (HES) reports the proportions of households paying over 25%, 30% and 40% of their incomes on housing and these data suggest that little has changed over the past decade in terms of the percentage of tenant households exceeding these thresholds (see Figure 1.4 and Tables 4 and 5 in the Appendix).<sup>14</sup> These data illustrate a number of points, which are probably expected. Tenants' housing costs relative to incomes for example are higher in Auckland than elsewhere in the country and lowest outside the main cities in both the North and South Islands.<sup>15</sup> In addition, tenants generally pay a higher proportion of their household income on housing than do owner-occupiers. Of those households paying over 40% of their income to housing costs, 60% to 65% are tenants, although they make up just 36% of households overall. However, these data present a picture of housing affordability in aggregate and include households in social housing, which receive income-related or discounted rents.

Tenants generally pay a higher proportion of household income on housing than homeowners

FIGURE 1.4: PROPORTIONS OF TENANT HOUSEHOLDS WITH HOUSING COSTS/HOUSEHOLD INCOMES ABOVE VARIOUS THRESHOLDS – 2008 TO 2017<sup>16</sup>



Data from MBIE's Tenancy Bond Division provides a picture of current market level rents rather than a snapshot of average rents. Such a current picture allows us to gather an impression of the relationship between rents, incomes and prices overall. Figure 1.5 charts indices of lower quartile rents, average wages and the consumer price index. This shows that rents and wages more or less moved in tandem until late 2014 and that since then rents have risen faster than wages and much faster than prices generally. These data are offered in Table 6 of the Appendix.

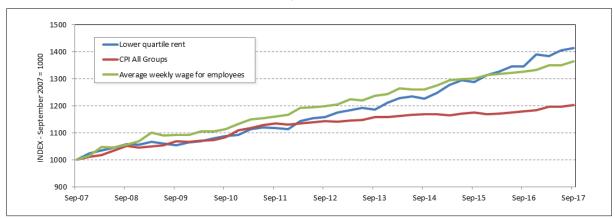


FIGURE 1.5: INDICES OF LOWER QUARTILE RENTS, WAGES AND CONSUMER PRICES - 2007 TO 2017<sup>17</sup>

This trend of rents rising at a faster rate than wages is also borne out in analysis of mean rents for three-bedroom houses in a selection of modest income suburbs across New Zealand. This analysis in Table 7 in the Appendix shows that between late 2012 and late 2017 average rents for three-bedroom houses rose around 25% while wages rose only about 14%. Most recently, rent increases have been greatest in Waikato and Bay of Plenty, while exceptionally they appear to have dropped slightly in Christchurch.



### 1.3 Availability of rental housing

The rental market is very tight. There has been a downward trend in the number of new bonds, or closed bonds as a proportion of the rental market since 2007 (see Figure 1.6). Both are measures of activity in the rental market. This is consistent with longer tenancies. The trend of falling turnover rates within the private rental housing market is shown in Figure 1.6, which reports the number of new bonds issued every quarter as a proportion of the total active bonds for that quarter (see also data reported for selected regions in Appendix Table 8).

There are two implications of this slowing turnover of private rental housing. First, the tenancies in the private rental market are becoming longer. This is potentially good news. But the average tenure of just over two years is still short, when considering the costs of moving a household. Second, when people are looking for a rental property, there is little available stock. Limited choice means it can be difficult to find a suitable property in reasonable condition in proximity to schools, transport links and other amenities.



FIGURE 1.6: TURNOVER OF PRIVATE RENTAL HOUSING – 2007 TO 2017<sup>20</sup>

### 1.4 Trapped in a sub-optimal equilibrium

The rental market is trapped in a sub-optimal equilibrium. It is characterised by tenancy turnover, which is still relatively high, reducing the incentive and certainty for both tenant and landlord to plan for long-term tenures, with the most common tenancy type being a 12 month, fixed-term tenancy.<sup>21</sup> If both had more certainty of long-term tenancies and social norms changed to require higher quality standards, this might provide greater encouragement for both tenants and landlords to take a long-term view on rents and maintenance, which could be reflected in gradual increases at a pre-determined rate or index.

Although longer fixed-term tenancies are legally possible, it is difficult to move from one entrenched way of doing things to another. As the diversity and number of households having to rent in the private market increases, policies around rentals, AS and state housing need to work better together.

2.

# **Home Ownership**

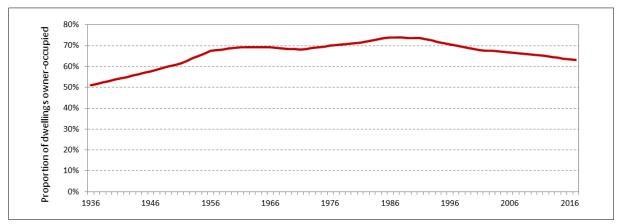
The past 25 years have seen the gradual demise of the so-called Kiwi Dream – a place where home ownership and the economic independence which this offers, was within reach of most working families. Home ownership rates have fallen to a 60-year low and could fall further. These falls have been alongside rapid house price inflation in many parts of New Zealand and, with this, deteriorating affordability. We are quickly becoming a society divided by the ownership of housing and its related wealth and recent housing and tax policy settings appear to have exacerbated this division.

Home ownership rates have fallen to a 60-year low

### 2.1 Declining homeownership

Declining rates of home ownership have become a defining feature of New Zealand's housing landscape since 1991. In 2013, just under 65% of households owned their dwelling, which is the lowest rate of home ownership since 1953. Home ownership rates since 1936 are reported in Figure 2.1. The peaking of ownership rates in 1991 is historically significant since this was the year of Ruth Richardson's 'mother of all budgets' which ended the state's home-ownership support programmes and commenced the sell-off of the State's mortgage portfolio. As reported in the housing support section of this stocktake report, current programmes to support homeownership remain relatively insignificant in the context of Government's overall housing support programmes, although the KiwiSaver HomeStart grant programme is expected to reach \$102 million in value in the current (2017/18) financial year, <sup>22</sup> compared to \$1,218 million in the AS.







Home ownership is of course not evenly distributed through the population, either by age or ethnicity. Since 2001, the census has collected information about individual home-ownership as well as tenure of household. Every New Zealander aged 15 and over is asked whether they own or partly own the dwelling in which they live. These figures include people in non-private dwellings such as student hostels and rest homes. Figure 2.2 reports both levels of individual adult home ownership by ethnicity and changes in these levels between 2001 and 2013. These data show that Europeans/Pākehā have enjoyed higher homeownership rates than other ethnicities; in 2013 this rate was 57% compared with Māori at 28% and Pacific Island peoples at 19%.

FIGURE 2.2: INDIVIDUAL HOME OWNERSHIP RATES BY HIGH-LEVEL ETHNIC GROUP - 2001 TO 2013<sup>24</sup>

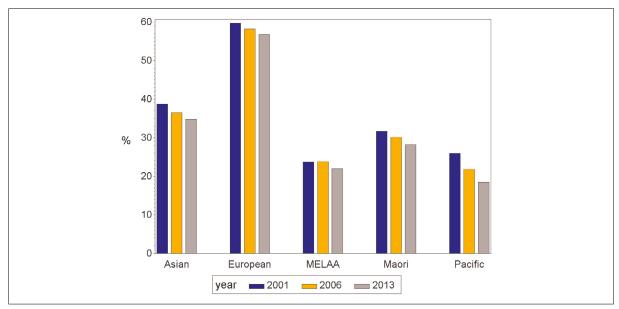


Table 2.1 shows the percent of people of all ages living in an owned household, so includes children living in their parent's house. While the percentage of people of all ethnicities living in owned households has declined between 1986 and 2013, Māori households (20%) and Pacific households (35%) have again had greater declines than Europeans.

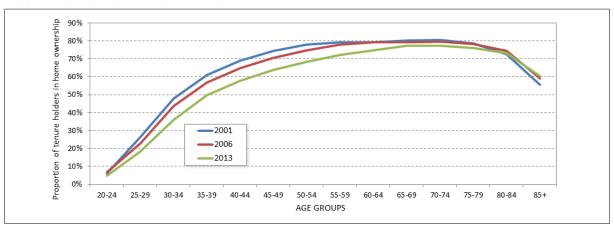
TABLE 2.1: PERCENT OF PEOPLE IN HOUSEHOLDS LIVING IN AN OWNED DWELLING FROM 1986 TO 2013, BY ETHNICITY

							% decline between
	1986	1991	1996	2001	2006	2013	1986 and 2013
European	78.9	79.3	75.4	72.8	71.4	70.1	-11.2
Māori	53.9	57.4	52.3	47.0	45.2	43.1	-20.0
Pacific peoples	50.8	49.3	44.4	38.2	36.6	33.1	-34.8
Total population	75.2	75.2	70.9	67.4	66.4	63.7	-15.3

Home ownership rates by age have tended to follow a life cycle process, because historically most people earn more and acquire wealth as they move through working life. Such an experience has given rise to the idea of housing careers – that is that people's housing options broaden as they get older and move from rental housing into mortgaged home ownership and eventually mortgage-free home ownership. This idea appears to be becoming less widely shared as more and more people are stuck in rental housing for most if not all of their adult lives. This breakdown is shown in Figure 2.3, which reports home ownership rates by age group from the past three censuses. This graph illustrates the structural shift which has occurred within New Zealand society around home ownership and perhaps also around the overall distribution of wealth. Figure 2.3 shows that the chances of an individual owning their home at any given age have fallen over time. For example, in 2001, 69% of 40 to 44 year olds owned their home, but by 2013 this rate amongst 40 to 44 year olds had fallen to 58% (see data in Appendix Table 9).

These declining home ownership rates are already affecting those entering retirement and still renting and the numbers of such people will increase over time. This declining trend is of some importance to people in late-middle age who face the prospect of housing-related poverty in their retirement and old age, mainly because our retirement income policies have been promised on high levels of debt-free homeownership amongst the over 65s population. This prospect is a significant and immediate policy challenge and the implications are explored in a following section on housing support programmes.

FIGURE 2.3: HOME OWNERSHIP RATES BY AGE - 2001 TO 2013<sup>25</sup>



Home ownership rates on a regional basis from the 2013 Census are reported in Appendix Table 10. These show the lowest rates of home ownership in Gisborne and Auckland and the highest rates in Tasman and Otago regions.

While there is a long-term trend in declining home-ownership across all age groups there is emerging evidence that first-time home buyers are faring slightly better in the mortgage stakes. This may be due to the assistance offered through the KiwiSaver HomeStart grants scheme. Data published by the Reserve Bank on new lending on mortgages by type of lender point to first home buyers gaining a greater share of such lending at the expense of investors. Volumes remain modest however at around \$2 billion per quarter. This trend has only emerged recently (see Appendix Table 11).

### 2.2 House prices and affordability

The massive house price inflation in Auckland is a well-known and well-discussed phenomenon, which for the sake of context is recorded in Figure 2.4 for the past 10 years. Median house sale prices nationally rose by around 40% over the past 10 years and by 30% over the past five years. Similar rates of price growth have been experienced in Wellington and Canterbury regions. Median price growth in Waikato region has been much stronger at around 45% over the past five years. By comparison, the median price of Auckland houses rose 65% over the past five years and by almost 90% over the last decade. For more detailed regional house price data see Appendix Table 12.

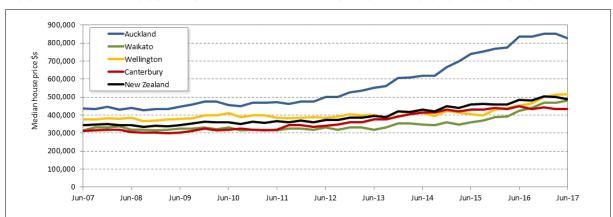


FIGURE 2.4: MEDIAN HOUSE PRICE - NEW ZEALAND AND SELECTED REGIONS - 2007 TO 2017<sup>26</sup>





There are a number of ways to consider housing affordability and two are offered in Figures 2.5 and 2.6. Figure 2.5 and the data reported in detail in Appendix Table 13 simply measure affordability by comparing average wages (of employees) and median house prices to calculate a measure based on the number of years at this wage required to purchase the median priced house. This measure is reported in Figure 2.5 for the two regional extremes of Auckland and Canterbury as well as New Zealand overall. These data clearly show the extent to which Auckland's house prices have risen much faster than wages – a rise from around ten years' wages in early 2012 to 16 years in 2016 although with a slight easing more recently. By comparison median house prices across New Zealand in aggregate and in Canterbury remained fairly stable against wages and salaries.

FIGURE 2.5: HOUSING AFFORDABILITY - YEARS TO PURCHASE MEDIAN PRICE HOUSE - 2007 TO 2017<sup>27</sup>

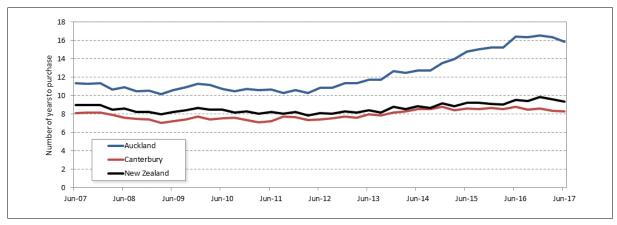


Figure 2.6 offers a more sophisticated affordability measure which incorporates the costs of servicing a mortgage against current house prices and incomes. Because interest rates eased considerably post-GFC and have remained close to historic lows ever since, affordability measures, which include interest rates, have shown a marked improvement in affordability (decline in the

curves) especially outside Auckland. Continued price growth in Auckland – especially since 2013 – have eroded the affordability gains of lower interest rates and relative affordability in Auckland has according to this measure returned to around GFC levels.

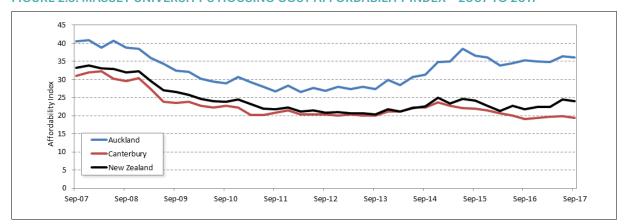


FIGURE 2.6: MASSEY UNIVERSITY'S HOUSING COST AFFORDABILITY INDEX - 2007 TO 2017<sup>28</sup>

### 2.3 Housing ownership and wealth distribution

The diminishing proportion of adults who own their home, and perhaps other housing, means that the windfall gains from recent property value appreciation have gone to perhaps 50% or 60% of adult New Zealanders. Most likely such gains have exacerbated wealth inequalities, although there is no up-to-date data available on this trend to confirm this.

Recently the value of assets owned by New Zealand households was estimated to have reached \$1.5 trillion.<sup>29</sup> Figure 2.7 reports changes in the value of non-financial assets owned by New Zealand households between 2007 and 2016. For data on the structure and growth of this wealth see Appendix Table 14, which show that the value of non-financial assets – basically land and buildings – grew by 45% or \$210 billion over the four years between 2012 and 2016. In comparison, the value of equities and other financial instruments grew by 28% over this period. This growth should be seen in the context that in 2015 it was estimated that around 10% of New Zealand's households owned 50% of the wealth while the poorest 50% of households owned about 8% of the wealth.<sup>30</sup>

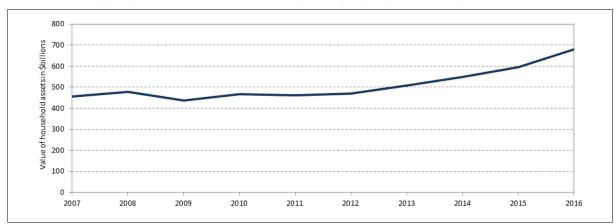


FIGURE 2.7: HOUSEHOLD WEALTH IN NON-FINANCIAL ASSETS - 2007 TO 201631

# 3. New Housing

The construction industry and the land development sectors have a major impact on New Zealand's housing landscape, both in terms of their capacity and performance. These sectors have not served the cause of affordable housing well although this poor service can partly be attributed to misguided or indifferent public policy. Such settings have meant that over the past five years house building has not kept pace with population growth – especially in Auckland, and that the housing being produced is becoming more and more expensive.

### 3.1 Population and housing stock changes

There were just over 1.9 million private dwellings in New Zealand in December 2017, which provide housing for 4.9 million New Zealanders meaning an average occupancy rate of 2.6 people per dwelling. The growth in this housing stock has been reasonably uniform over the past 20 years as illustrated in Figure 3.1. Over this 20-year period the national housing stock has grown by just under 30% while the national population has expanded by almost 27% meaning of course that the average occupancy of our housing has fallen slightly from 2.66 people per dwelling in 1997 to 2.60 people per dwelling in 2017 (see Appendix Table 15). Such a decline in the average occupancy rate has been predicted as part of New Zealand's falling birth rates and its aging population.<sup>32</sup>



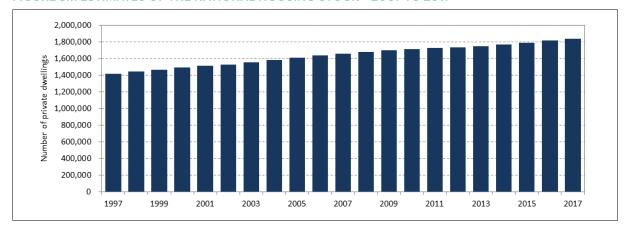


FIGURE 3.1: ESTIMATES OF THE NATIONAL HOUSING STOCK - 2007 TO 2017<sup>33</sup>

However, if these changes are considered in five-year time-frames, rather than as a 20-year perspective a rather different story emerges as illustrated in Figure 3.2. For the two five-year periods between 1997 and 2007 growth in the housing stock comfortably exceeded population growth, by 3.5% between 1997 and 2002 and by 1.3% between 2002 and 2007. Such differences have accommodated the expected changes around the demographic trend to smaller households. Between 2007 and 2012 population change and housing stock change closely matched. However, between 2012 and 2017 population estimated growth outstripped estimated housing stock growth by 2.1%. This difference is the root cause of the present housing shortage – essentially, we have not built enough houses for our growing, but aging population.

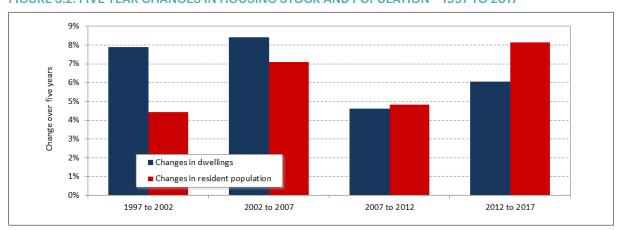


FIGURE 3.2: FIVE YEAR CHANGES IN HOUSING STOCK AND POPULATION - 1997 TO 2017<sup>34</sup>



It is important to recognise the role which immigration of both New Zealand citizens and non-New Zealand citizens has played in this recent population growth and this is shown in Figure 3.3 (data in Appendix Table 16). The sharp increase in net migration since 2014 is not entirely due to fewer people migrating to Australia as is sometimes argued. In the five-year period between September 2007 and September 2012, total net migration into New Zealand was 32,853 people, which was the result of a net loss of 148,790 people to Australia, offset by a net gain of 181,643 people from other countries. In the subsequent five years, between 2012 and 2017, net migration into New Zealand was 262,762 people, which is the result of a total loss of 29,610 people to Australia and a gain of 292,372 people from other countries.

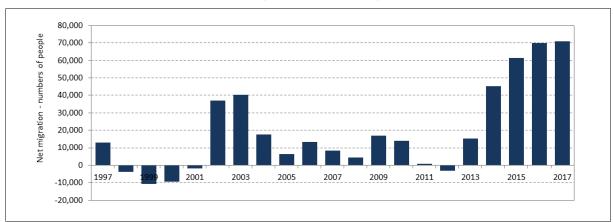


FIGURE 3.3: NET MIGRATION – 1997 TO 2017 (SEPTEMBER YEARS)<sup>35</sup>

### 3.2 New house building

During 2017, consents for new private dwellings climbed back to the levels last seen in 2003 and 2004, which are around 30,000 to 31,000 annually. Figure 3.5 shows that consent numbers in excess of 30,000 annually were achieved in the early 1970s on a substantially smaller population and economic base than we have today (see data in table 17 in the Appendix). Consents also rose in the early 2000s.

Data in this report do not cover the period after the war when local governments were encouraged to undertake building programmes, but show that once central government also essentially withdrew from building state housing in the 1990s, it took until 2003 to reinstate even a reduced role in such social infrastructure. The growing contribution from the NGO sector did not compensate for the lack of activity by government.

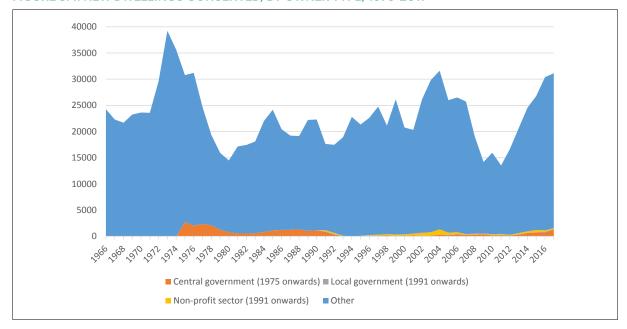
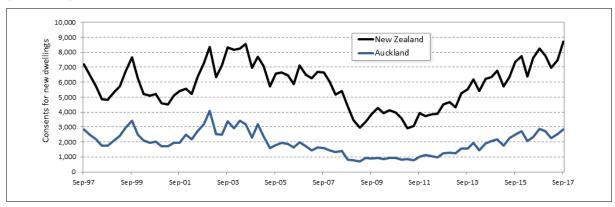


FIGURE 3.4: NEW DWELLINGS CONSENTED, BY OWNER TYPE, 1970-2017

New private dwelling consent numbers for the past 20 years for both New Zealand overall and for Auckland are reported in Figure 3.5 (see data in Appendix Table 17). While current levels of new house building compare favourably with the low levels of construction seen immediately after the global financial crisis, during the period 2009 to 2011, these current volumes are not historically exceptional particularly compared with the early 1970s. However data on government involvement in the 70s boom is not available.

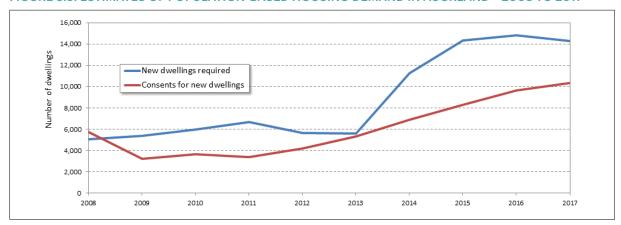






For the past decade, Auckland has accounted for just under 30% of consents for new dwellings yet has received 47% of the country's population growth. This difference indicates one of the sources of Auckland's accumulated housing shortage which MBIE estimates at as many as 45,000 dwellings.<sup>37</sup> Estimating such shortages relies heavily on the starting assumptions and it seems likely that this estimate, of a shortfall of 45,000 dwellings, is a top of the range one. Figure 3.6 provides an alternative estimate of this shortfall, which is based on the assumption that housing is required at a rate that maintains the present occupancy rate of three people per dwelling overall (data in Appendix Table 18). This shortfall is estimated at 28,000 dwellings over the past ten years.

FIGURE 3.6: ESTIMATES OF POPULATION-BASED HOUSING DEMAND IN AUCKLAND - 2008 TO 201738



Output costs within the residential construction industry appear to be rising at several times the rate of general inflation. This trend shown in Figure 3.7 compares the input and output Producer Price Indices (PPI) of the residential construction sector with the Consumer Price Index (CPI) for the past 20 years. The period since late 2012 has been a period of quite significant cost pressure with the output PPI rising more than 24% while the input PPI rose almost 11% and the CPI by just 5.2% (data in Appendix Table 19).

The average construction cost of an 'average house' – rather than apartment – has risen 28% over the past five years and by 180% over the past 20 years (see data in Appendix Table 20)<sup>39</sup>. In late 2017, this average cost, New Zealand wide, was \$395,000, while in Auckland it was \$455,000. Such an 'average house' across the country is around 210m<sup>2</sup> in area, while in Auckland it is just over 230m<sup>2</sup>.

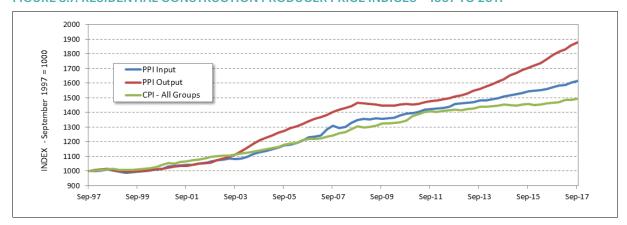


FIGURE 3.7: RESIDENTIAL CONSTRUCTION PRODUCER PRICE INDICES - 1997 TO 2017<sup>40</sup>

### 3.3 Housing market constraints

Work by the Productivity Commission details the constraints facing new supply, including that urban planning, land banking and other factors are slowing the supply of new homes.<sup>41</sup> There are three key barriers to housing supply: planning, infrastructure funding and the development sector.

Local government uses urban planning to ensure sufficient supply of land for each purpose, coordinated with infrastructure and other amenities. In fast growing areas, planning and co-ordinated infrastructure and housing delivery have not kept pace. The current planning approach does not seem to work for fast growing urban areas. Planning has become elaborate and complex, that adds costs, for example restrictions on the number of storeys for new dwellings and the requirement for car parks, which limit the provision of dwellings, without necessarily increasing amenity.

When starting from a position of a shortfall of housing, it makes sense to consider tools like inclusionary zoning to speed up the supply of affordable housing that remain in that purpose. But some of those tools should be temporary, urban planning should plan far enough ahead and with sufficient margin so that there is an adequate supply of land, but in a way that limits urban sprawl.

Urban planning is key to unlocking land supply including allowing higher density, so that more houses (including smaller, but quality houses) are built. Yet, although councils have a critical and legitimate role in shaping urban development, urban planning is seen as a significant barrier by many in the development community. 42 In part, these tensions reflect challenges in resourcing and consequently culture. In fast growing urban

Urban planning is key to unlocking land supply, allowing higher density, so more houses can be built

centres there are not enough resources to process all the consents being lodged. Combined with regulatory timelines, there is an incentive to act as a bouncer to delay processing applications. With additional time, planners can act as ushers, helping developers to a successful application. Local authorities have also become risk averse following the Leaky Building crisis (see later discussion), this is reflected in building consenting practices.

The development and construction sectors are also a constraint. These sectors suffer from small scale<sup>43</sup>, low productivity, boom-bust cycles, upheavals in funding, and landbanking. The housebuilding industry in New Zealand is tiny. On average, there were two houses built per firm at the peak of the cycle, and less than one at the trough. Cyclical uncertainty discourages investment technologies like pre-fabrication (relatively common internationally), long-term planning, training of apprentices, etc. The result is that during booms, costs increase because there are not enough workers, capital and capability in these firms. During busts, many firms fail and many workers migrate to Australia, or leave the construction sector entirely. We are trapped in a small and volatile construction sector.

Funding can also change quickly. Finance companies were significant suppliers of mezzanine capital for apartment and other relatively high density developments, which tend to be capital hungry. In the mid-2000s, many finance companies failed and that source of funding stopped, also stopping the apartment development sector.<sup>44</sup> While apartment developments have gradually made a comeback, it has taken a long time to recover from the funding volatility.

Many developers land-bank, or work with land-bankers. The incentives are strong, as land prices have appreciated the most of all components of house prices. The evidence of the extent of land-banking is patchy, but there is a disconnect between planning rules, land supply and house building. We need better evidence on the extent of land-banking, concentration of land holdings, use of restrictive covenants and pilots of what policies work (for example charging rates on land value to encourage the highest and best use of land).

### 3.4 Local government finances

Even if planning constraints are eased judiciously, infrastructure can be a bottleneck. New developments often require large, upfront investments by councils or developers, the value of which mainly accrues to the developer or surrounding home-owners. The local authority shares in a small amount of the upside through rates, but none of the benefits of increased incomes, profits and spending, which accrue to central government. Without mechanisms to better connect the benefits and costs of growth, through revenue sharing or through targeted rates or bonds, fast growing local authorities struggle to provide sufficient key infrastructure, even if the land is in theory suitable for house building.

Against such policy innovations it is important to be mindful of the increasing problems which local authorities are having with debt – especially Auckland Council. Across the whole local government sector, debt rose 83% between 2011 and 2016 to \$13.8 billion, although financing costs as a proportion of rates revenue remained stable at around 12% to 13%. <sup>45</sup> Auckland Council accounts for more than half this local government debt and in June 2017 that Council reported a total debt of \$8.3 billion. This figure is an increase of almost 65% over the \$5.0 billion owed by Auckland ratepayers in mid-2012. As a proportion of rates revenue, financing costs have risen from 22% in 2012 to almost 29% in 2017<sup>46</sup> (see data on local government finances in Appendix Table 21).

While the value of the assets, especially for future generations, need to be taken into account, the question needs to be asked about the ability of local councils and especially Auckland Council to take on further debt to fund growth and related infrastructure resilience in the event of rising interest rates, and whether existing practices and approaches to funding infrastructure are optimal.

4.

# State and Other Social Housing

There remains some contention around the use of the term social housing to describe state housing or housing which is owned by Housing New Zealand (Housing NZ) on behalf of the Crown. Social housing can be described as housing which is affordable and allocated on the basis of need by registered housing providers within a regulated framework.<sup>47</sup> The contention here is not that social housing is necessarily state housing, but that the previous Government adopted the term social housing, somewhat ambiguously, to describe a wide range of housing provision. These included private for-profit investors alongside state, local government and NGO providers. For clarity in this chapter state housing is treated separately from other social housing models.

### 4.1 The social housing stock in New Zealand

Social housing – including state housing – can be divided into two broad groups in terms of how it is funded. The Ministry of Social Development (MSD) partially funds the majority of social housing units through its Income Related Rent Subsidy programme (IRRS). Some state housing, anomalously most Council-owned social housing and much of the Community Housing Provider (CHP) social housing stock are not directly funded by the Crown through IRRS. However, Wellington City Housing successfully demonstrates a model where the Crown provided half the capital for the on-going refurbishing of 10 modernist apartment blocks in the early 2000s. Nonetheless the eligibility of these apartments for IRRS remains in contention and is an important unresolved policy issue with national implications. Estimates of the numbers involved in each of these categories in late 2017 are provided in Table 4.1. A regional breakdown of this stock is provided in Table 22 in the appendices.

TABLE 4.1: ESTIMATES OF STATE AND OTHER SOCIAL HOUSING STOCK - MID 2017<sup>49</sup>

	Housing NZ	Local councils	NGOs & others	Total
Receiving IRR subsidies	58,500	0	4,800	63,300
Not receiving IRR subsidies	4,400 <sup>50</sup>	7,700	7,900	15,300
Total	62,900	7,700	12,700	83,300



### 4.2 Changes in state housing stock

Over the past ten years the number of dwellings owned or managed by Housing NZ peaked in mid-2011 at 69,717 units, falling to 62,917 units in June 2017. Of these dwellings Housing NZ actually owned 66,127 units which fell to 60,301 units in 2017. The remaining units are leased from private investor/owners. This 2017 figure is the lowest number of state houses in Crown ownership since 2000. Trends in the numbers of state houses for the past decade are reported in Figure 4.1.

The recent sharp decline in numbers of state houses in Crown ownership is partly on account of the transfer of 2,800 units from Housing New Zealand to Tamaki Regeneration Company in April 2016. This company is jointly-owned by the Crown and Auckland Council and is charged with the redevelopment of the eastern Auckland suburbs of Glen Innes, Point England and Panmure. Accepting that these 2,800 units remain in public ownership the number of state house units now owned fully or partly by the Crown has fallen 5% or by approximately 3,250 units since 2011. This decline has come about through a combination of sales and demolitions. Under the previous Government's social housing reform programme approximately 500 state houses have been removed from Crown-owned sites to make way for the further addition of state and private sector housing.

This decline in the number of state houses in Crown ownership against a background of a growing national housing stock means of course that the share of this stock has fallen over the past decade. This decline is from an estimated 4.0% of the national housing stock in 2008 to 3.4% in 2017. Data on Housing New Zealand's stock including regional breakdowns are in Appendix Table 23.

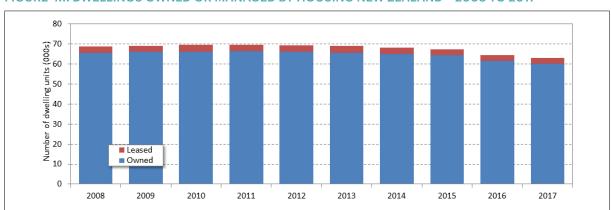


FIGURE 4.1: DWELLINGS OWNED OR MANAGED BY HOUSING NEW ZEALAND - 2008 TO 2017<sup>51</sup>

### 4.3 Changes in the stock of other social housing

The stock of social housing owned and provided by non-Crown agencies including local government and NGOs rose quickly between 2015 and 2017 mainly as a result of the previous Government's policy on social housing. An estimate from early 2017 suggested that there were just under 20,000 social housing units outside Crown ownership of which around 12,000 were owned by NGOs and just under 8,000 units by local councils.<sup>52</sup> Community Housing Aotearoa estimated that in late 2017 12,651 units were owned by community housing providers.

The numbers of social housing units in NGO ownership has grown rapidly over the past two years due to major transfers or sales. These include:

- The sale of 344 units by Hamilton City Council to Accessible Properties in March 2016.
- The transfer in April 2016 of 2800 units from Housing NZ to the Tamaki Regeneration Company, which is a joint venture between the Crown and Auckland Council.
- The long-term leasing of 2,250 units by Christchurch City Council to a Council owned entity Otautahi Community Housing Trust in October 2016.
- The sale of 1,138 Housing New Zealand units in Tauranga to Accessible Properties in April 2017.
- The long-term leasing in July 2017 by Auckland Council of 1,452 units to a limited partnership venture with the Selwyn Foundation - the partnership is known as Haumaru Housing.

### 4.4 Demand for social housing

Actual demand for social housing is difficult to measure accurately. In part, this is because such measurement relies on the administration of an application and review process, which might, intentionally or unintentionally, have barriers or biases to recognising all unmet housing need.

A commonly accepted indicator of unmet demand for social housing need is the social housing waiting list or register, which is administered by MSD and has been since June 2014 when this function was taken from Housing NZ. Figure 4.2 provide data on trends in the social housing waiting list since June 2014 (see data in Appendix Tables 24 to 27). In September 2017, the number of households seeking social housing and deemed to have a serious enough housing need to be on the waiting list reached 5,844. This figure was 27% higher than a year previously and 72% more than in September 2015. Around 70% of this unmet housing need was accorded the highest urgency status - Priority A. The number of households given Priority A more than doubled between September 2015 and September 2017.



FIGURE 4.2: SOCIAL HOUSING WAITING LIST - 2014 TO 2017.53

The sharp increase since mid-2016 in the numbers of households put on the social housing waiting list is difficult to explain on the facts available. Part of the answer is likely to be the big up-turn in general housing demand with the rise in migration. However, at this time there was no nation-wide shock in housing markets, which would cause unmet housing need to rise by more than 50% nation-wide and by more in housing markets as diverse as those in Waikato, Wellington and Hawkes Bay.

MSD does however appear to have changed the way it administers the social housing application process. Somewhat curiously MSD does not record the numbers of initial enquiries it receives for housing assistance, although it does count the numbers of assessments completed once people get past an initial vetting process. Between March 2016 and March 2017 the numbers of assessments and the numbers of households placed on the social housing register or waiting list rose 40% and 58% respectively (see data on a regional basis in Appendix Tables 28 and 29).

### 4.5 Future provision of social housing

MSD have published their social housing purchasing intentions through to 2020 and an analysis of these is provided in the Appendix Table 30. Between 2017 and 2020 the Ministry plans to increase the numbers of residential units receiving an income-related rent by 3,790 of which half will be in Auckland. Of these additional units approximately 2,600 have been identified, while 1,200 have still to be found. However the bulk of the identified additional units (1,300 approximately) have been transferred from local council stock into stand-alone entities in order to receive an IRR subsidy. A further 500 units, approximately, are existing Community Housing Provider (CHP) owned social housing units, which have been brought into the IRR programme. It appears from the information available in MSD's purchasing strategy that of the 2,600 additional IRR subsidised units, which have been identified, less than 10%, or just 226 are actual new builds. However, additional new units identified in the so-called 'supply pipeline' may have eventuated since then, raising this number to as many 690.

### 4.6 The financial performance of Housing New Zealand

A summary of Housing NZ's financial position and performance for the past ten years is offered in Table 10 in the Appendix. Figure 4.3 provides an indication of the ten-year trends seen in Housing NZ's revenue from tenants' rents and from IRR subsidies from the Crown. In nominal terms, the IRR subsidies have grown almost 60% over the past decade, while tenants' rents have remained relatively static. The main reason for this stability in tenant's rent income is because of the falling numbers of state houses owned or managed by Housing NZ, as illustrated in Figure 4.1 and in Table 31 in the Appendix.

Other key outcomes emerging from the financial data offered in Table 31 include:

- 1. The extent to which the Crown has not supported Housing NZ in capital terms; over the past five years (2012 to 2017) the Crown received \$305 million in dividends from the company yet provided just \$4 million in additional capital.
- 2. The recent increase in spending on repairs and maintenance rising from \$174 million in 2012 to \$315 million in 2017.
- 3. The gradual increase in Housing NZ's financial value and hence its contribution to the net worth of the Crown. This increase is mainly due to asset appreciation in housing markets New Zealand wide. Between 2012 and 2017 Housing NZ's net assets rose more than 75% to \$21.6 billion. This is 20% of the Crown's net worth.<sup>54</sup>
- 4. Housing NZ is required to pay taxes, unlike the current tax advantages of negative gearing available to private landlords. Over the past ten years the company paid \$1.18 billion in tax including \$779 million in 2009/10 as a result of a change in depreciation rules. In 2017 Housing NZ still maintained a deferred tax liability of \$2 billion in its accounts.

800 700 600 500 \$ millions 400 300 200 Rental income from tenants 100 Income related rent subsidies 0 2008 2009 2010 2012 2013 2014 2015 2016 2017 June vears

FIGURE 4.3: HOUSING NEW ZEALAND'S REVENUE FROM RENTS AND SUBSIDIES – 2008 TO 2017<sup>55</sup>

5.

# **Housing Assistance**

Government housing assistance is provided through a number of programmes, which are forms of both demand subsidies, those going directly to the household or person being supported, or supply subsidies which are paid to the provider of affordable housing. These subsidies mainly support rental housing through the Accommodation Supplement (AS) and the Income-Related Rent (IRR) programme, which are administered by MSD. Subsidies also support homeownership partly through the AS and partly through the Homestart grant programme. A recent extension of Government's housing assistance programme has been the roll out of supply and demand subsidies for emergency housing.

### 5.1 Housing assistance budgets

In the current financial year, the Government has budgeted to spend \$2.3 billion on various forms of housing subsidies. On top of these subsidies is a budget of approximately \$50 million, which supports the administration of these programmes. Estimates of the cost of the various programmes are provided in Appendix Table 3A for the 2017-18 financial year. Table 5.1 reports the value of housing subsidies over the past decade. Since 2008, housing assistance budgets have grown by \$695 million in nominal terms, or by just over 50%.

Most of this increase is due to the growing cost of the IRR subsidies, which support around 65,000 households in social housing. The annual cost of this programme grew by almost 80% or by \$374 million between 2008 and 2017 to \$848 million. However, the number of social housing units supported in 2017 was similar to that supported in 2008.

Annual budgets for the AS grew by 27% in nominal terms or by \$238 million between 2008 and 2017. In the 2016-17 financial year Government spent \$1.13 billion on the AS programme and made payments to 290,000 households or individuals.

Background data for Table 5.1 and Figure 5.1 are provided in Table 32 in the Appendix.

TABLE 5.1: HOUSING ASSISTANCE BUDGETS IN \$ MILLIONS - 2017/18<sup>56</sup>

	Supply subsidies	Demand subsides	Total
Emergency housing	49	40	89
Renting	900	1,128	2,028
Homeownership		192	192
Total	949	1,360	2,309

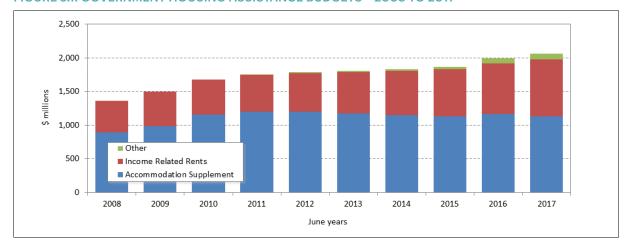


FIGURE 5.1: GOVERNMENT HOUSING ASSISTANCE BUDGETS - 2008 TO 2017<sup>57</sup>

### 5.2 Income-Related Rent (IRR) subsidies

During the 2016/17 financial year, the Government spent \$848 million on IRR which assisted almost 63,000 households in social housing. Of this number 93% or approximately 58,300 were state houses owned by Housing NZ.<sup>58</sup> In its 2016/17 Annual Report Housing NZ reported revenue from the Crown of \$758 million to support IRR subsidies. The remaining \$90 million has been paid to CHPs.<sup>59</sup>

### 5.3 Accommodation Supplement (AS)

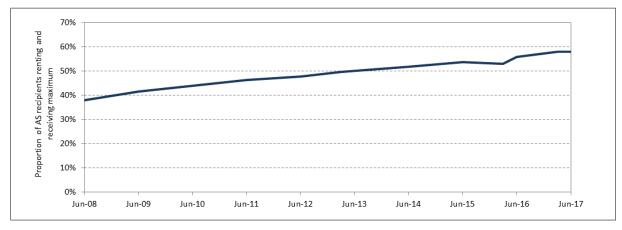
The AS is New Zealand's second biggest income support programme after New Zealand Superannuation. The AS is paid to eligible New Zealand residents, who qualify in terms of housing costs relative to their incomes. However more than 85% of the people receiving it are also receiving either a working age benefit or Superannuation. This has meant that demand for the AS tends to move with demand for working age benefits as shown by data provided in Table 33 of the Appendix. In late 2017, there were approximately 285,000 individuals, couples or family households receiving an AS. This number has declined by 7% or by 21,000 since September 2012.



Two-thirds of recipients of the AS or around 189,000 households are private sector tenants and collectively they receive 75% to 80% of the total spent on the Supplement. For the 2016/17 financial year this spend amounted to approximately \$870 million. Households renting and receiving the AS make up 27% to 28% of all tenant households (see Appendix Table 34 for regional estimates of the rental housing stock and AS payments).

In the 2017 Budget, the previous Government announced that it was increasing the maximum payments available under the AS programme from 1 April 2018. The current government is retaining these changes. These maxima are set on a regional basis<sup>60</sup> and were last adjusted in 2005, when they were based on median rents from 2003.<sup>61</sup> An adjustment was long overdue although in a tight rental housing market the opportunity for these higher subsidies to leak into higher rents is particularly strong. As noted earlier, the extent to which the AS is effectively a tenants' or landlords' subsidy is unclear, but will be partly determined by the available supply of rental housing and will be tested by changes in rents during mid-2018 as this increased expenditure feeds through.<sup>62</sup> One consequence of this past failure to adjust the parameters around the AS to take account of rising rents is that more and more recipient households reach the maximum payment and are then obliged to pay any further rent increase out of the their residual income. As illustrated in Figure 5.2 the proportion of tenant households receiving the AS, who reached the maximum payment rose from 38% in June 2008 to 58% in June 2017. Data on the regional differences in this proportion at the maximum are provided in Table 35 of the Appendix. These data show that the highest proportion of tenant households at the maximum is found in Northland and Waikato and the lowest is found in Auckland where the maximum is highest.

FIGURE 5.2: PROPORTION OF TENANT HOUSEHOLDS RECEIVING THE MAXIMUM ACCOMMODATION SUPPLEMENT PAYMENT – 2008 TO 2017.63



While the number of people receiving the AS has declined over the past five years further declines are not anticipated. One reason for this expected stability is the increasing number of older people needing the AS to top up their Superannuation in order to afford housing. Since 2012, this number has risen by 22%, or by almost 10,000 people. As a proportion of people receiving Superannuation, those also receiving the AS has risen from 5.0% in 2012 to 5.4% in 2017. Tenants make up more than 70% of these people and the number of tenants receiving both payments has grown by 33% since 2012<sup>65</sup> (see data in Appendix Table 36). Much of the future demand for housing assistance will come from older tenants.

### 5.4 Other housing support programmes

Two other notable housing assistance programmes are the emergency housing programme and the Homestart Grant Scheme for first time homebuyers. Financial details of these programmes are provided in Table 32 of the Appendix and the volumes associated with the emergency housing programme are dealt with in a separate section to this stocktake report.

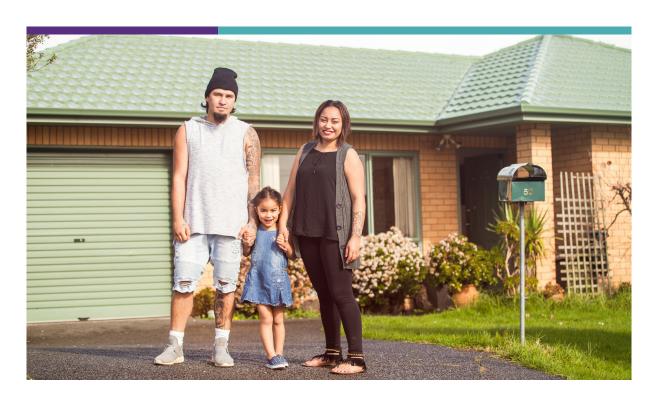
Volumes of applications and approvals for Homestart grants are reported in Appendix Table 37 for the three-year period July 2014 to June 2017. Over this period, 74,100 applications were received and 55,600 were approved. Since the scheme actually began pay-outs in April 2015, a total \$148 million has been granted. <sup>66</sup> Consistent with Māori and Pacific peoples' lower than average home-ownership rates these ethnic groups have a lower take-up of Government backed home-ownership assistance programmes, although the gaps are not as wide as for home-ownership overall. Between July 2012 and June 2016 Māori, who in 2013 constituted 16% of the population, make up 14.3% of those being paid a Kiwisaver deposit subsidy, or a Homestart grant. While Pacific Island people, who constituted 8% of the population in 2013, were just 4.4% of the recipients of these home ownership subsidies. <sup>67</sup>

### 5.5 Future budgets

The 2017 Budget made forecasts of significant increases in housing assistance budgets. These forecasts are offered in Table 5.2 for the period through to June 2021. Over the next four years allowance has been made to expand housing assistance budgets by \$500 million per year.

TABLE 5.2: FORECASTS FOR HOUSING ASSISTANCE BUDGETS IN \$ MILLIONS - 2017 TO 2021<sup>68</sup>

Year ending 30 June	2017	2018	2019	2020	2021
Accommodation Supplement	1,129	1,218	1,488	1,497	1,515
Income related rent subsidies	848	900	985	1,048	1,105
Totals	1,977	2,118	2,473	2,545	2,620



6.

# Homelessness and Emergency Housing

Homelessness has become a key concern for New Zealanders, and is a key indicator as to whether the housing system is working. Despite allocation of \$43 million to emergency housing, there is no systematic recording or monitoring of homelessness on a month-by-month or year-by-year basis. There are no data on the 'floating population' – homeless people who do not, or cannot, access government housing assistance, or are turned away from community agencies because they have no capacity to provide help. MSD acknowledge that there are a significant number of homeless households, who are not on the social housing waiting list, but the scale of this problem is unknown. Apart from Census data, we currently have no reliable way of knowing whether the homelessness problem is improving or deteriorating, and whether funding put into homelessness services is actually working to reduce homelessness.

### 6.1 Census information on homelessness

There was a significant rise in the level of homelessness (or 'severe housing deprivation') between the 2006 and 2013 Censuses, with at least one in 100 people homeless in 2013 compared to one in 120 in 2006.<sup>64</sup> This was an estimated 4,197 people without habitable accommodation and 37,010 in temporary accommodation, or sharing in severe overcrowding in 2013.<sup>70</sup>

Significant increase in homelessness between 2006 and 2013

#### 6.2 Assessments of recent changes in homelessness

Data from a sample of community emergency housing providers, collected from agencies for this report in December 2017, showed that the level of homelessness far outstrips the current level of available assistance. Over 2017, the 'turnaway rate' for these providers ranged from 82% to 91% – that is, for every 10 homeless people who approached them, requiring housing, only 1 to 2 people could be accommodated. The data from these providers paint a picture of both desperate families and workers from a range of government agencies going through a laborious process of calling around, looking for emergency housing. The need for a more modern, coordinated system is clear.

Table 6.1 shows the limited extent of up-to-date knowledge about the scale of homelessness. With better systems, the homeless population could be regularly measured and monitored, as a first step towards better support.

TABLE 6.1: RECENT KNOWLEDGE OF THE SCALE OF HOMELESSNESS<sup>71</sup>

Homelessness category	What we know about current size of problem						
WITHOUT SHELTER	City	Number of people	Source				
Living on the streets,	Auckland	pending					
improvised dwellings, cars	Christchurch	215	Street count - Nov17				
	Hamilton	pending					
	Napier	35	Council estimate				
	Tauranga	70	Council list - Dec17				
	Wellington	60	DCM - Nov17				
TEMPORARY ACCOMMODATION							
NGO run emergency/transitional accommodation	421 household house rooms	s (Nov-17) in MSD-fund	ded motel/boarding				
Motels, camping grounds, boarding houses and marae		on other NGO accomng grounds and non-N	nmodation in boarding MSD funded motels				
SHARED ACCOMMODATION							
Living as a temporary resident with friends or family (including garages)	No recent data	available					

#### 6.3 Emergency housing responses

In recognition of rising levels of concern about the number of people living in cars and street homelessness, the previous Government commenced an emergency housing response in mid-2016. This response had a number of dimensions including:

- 1. An increase in the numbers of people having their housing needs assessed by MSD. This number rose from 4,440 during the March 2016 quarter to 7,693 during the September 2017 quarter<sup>72</sup> (see Appendix Table 28 for details).
- 2. On the back of these additional assessments the waiting list of people or households on the social housing register rose 65% between March 2016 and September 2017 to 5,844<sup>73</sup> (see Appendix Table 29 for details).
- 3. The number of households on the social housing register who were identified as being in insecure housing (Priority A), grew 90% during the 12 months to 30 September 2017 to 2,168.<sup>74</sup>
- 4. The provision of places in transitional housing for homeless individuals and families grew by 160% between September 2016 and September 2017 to 1,663 and is set to reach a target of 2,155 by early 2018 (see Appendix Table 38 for a regional breakdown of this provision).
- 5. Between September 2016 and September 2017 MSD provided almost 38,700 emergency housing special needs grants. This provision appears to have peaked in May 2017 at almost 4,300 (see Figure 6.1 and Appendix Table 39 for details).

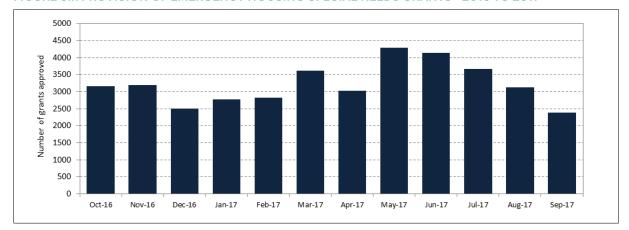


FIGURE 6.1: PROVISION OF EMERGENCY HOUSING SPECIAL NEEDS GRANTS - 2016 TO 2017<sup>75</sup>

### 6.4 Housing First

Internationally, evidence shows that emergency housing only works for some people, whereas resources to provide and ensure adequate permanent housing is better for addressing homelessness. Housing First has been up and running in Hamilton for several years with mainly private funding and in Auckland since early 2017 with government funding. Government funding to address homelessness is currently weighted towards temporary emergency housing, though funding of \$16.5 million was allocated to expand Housing First to additional areas of high housing demand, as well as funds targeted towards sustaining tenancies, in Budget 2017.

Resources to provide permanent housing is better for addressing homelessness



7.

# **Security of Tenure**

#### 7.1 Security of tenure in rental housing

Security of tenure in the rental market has been declining in both private and state rental housing. The proportion of people in state housing compared with private rentals has changed significantly between 1991 and 2013. The proportion of renting households who did not own their home and rented in the private sector rose from 60% to 83%. For Māori, the proportion of households renting privately increased from 41% to 77% and for Pacific peoples increased from 27% to 56%. This rise in households renting privately appears to be fuelled by the decline in the state housing stock (which is also under-counted in the Census): in the same period, the proportion of people renting state housing dropped by 16 percentage points for the total renting population, by 29 percentage points for Māori, and 27 percentage points for Pacific peoples.<sup>77</sup>

The sale of state houses has been accompanied by the tightening of inclusion rules and the introduction of 'reviewable tenancies', which has led to increased household movement, or 'churn' within state housing. Over the past four years, 42,512 state tenants have left Housing NZ properties, including people who left because they went to a rest home, hospital, prison or died. The homes of 3,715 of these tenants were transferred to two other providers (Tamaki Regeneration Company and Accessible Properties Tauranga). According to data supplied by Housing NZ, 5,739 tenants left when Housing NZ (informed by MSD, which has been responsible for tenancy eligibility, managing the housing register, calculating IRR and conducting tenancy reviews since 2015) initiated a termination. Tenancy termination may occur for a variety of reasons, including becoming ineligible because household income crosses a threshold, rent arrears, or damaging the dwelling.

When a state tenancy is terminated the consequences can be serious. Losing a home can be devastating to health, education and other outcomes.<sup>78 79</sup> Having been in arrears, in debt, or having a household member or associates who damage property (which may occur due to issues such as addiction and domestic violence) are all indicators that former state tenants are likely to find it difficult to find a home in the private sector, and may be at risk of homelessness. Recent work to support state tenants to retain tenancies may reduce this risk and could be beneficial for tenant well-being.<sup>80</sup> This support could also be extended to private tenants, who are also likely to be at risk of homelessness when they experience eviction.<sup>81</sup>

As a consequence of the rise in residential property values, there appears to have been an increase in private rental house sales for owner occupation, adding to the shortage of private rental properties, so that as mentioned previously average rents have risen faster than average incomes (with the exception of Christchurch). For the most common 'periodic' tenancies, section 51(1)(d) of the RTA allows landlords to give 90 days' notice without reason (tenants can give 21 days' notice without reason). However, fixed-term tenancies can only be ended early by mutual agreement or on application to the Tenancy Tribunal (see section 50 of the Residential Tenancies Act). While 12 month, fixed-term tenancies are the most common type of tenancy recorded on rental agreements, at the completion of the 12 month term, many of these become periodic. Sa



A recent BRANZ report found that of those tenants who had moved in the past two years, 30% of the sample nationally and 36% in Auckland did so because the house they were renting had been sold. He while this is a sub-sample of renters, the average length of time households stay in rental properties is increasing, reflecting the shortage of supply and affordability of rental properties, as well as the difficulty of moving from rental properties to home-ownership. In 1995, rental bond data showed that the average tenancy was 1 year 4 months; in 2017 the average tenancy is 2 years 3 months. In the 2013 Census, around 60% of renters had been in their current property less than three years, whereas only 30% of home-owners had been in their property for less than five years.

#### 7.2 Impacts of residential mobility

Moving houses is becoming a more common experience in New Zealand.<sup>85</sup> Recent research from the Growing Up in New Zealand study found that between birth and nine months, children born into families residing in private rental accommodation were the most likely to have experienced early mobility, with nearly one in two (49%) having moved at least once, compared to fewer than one in five experiencing mobility if their families were home owners.<sup>86</sup> The Dunedin Multidisciplinary Study found that half the 209 young people whose parents were renting in the original study, had lived in eight or more houses by the age of fifteen; only two had never moved. The average length of time spent in each house for all the young people was approximately 20 months.<sup>87</sup>

Household movement has a number of major health, educational and social costs, which appear to have been neglected as important housing policy 'spill-over' effects. The consequences of frequent moves can be myriad. People who move often are less likely to be affiliated with a primary health care provider (doctor, nurse or medical centre). Research carried out by the NZ Council for Educational Research and Ministry of Education shows that residential mobility is often associated with a change of school, increasing the disruption to children's lives. School enrolment data for the cohort of students born in 2000 showed that almost half (48%) of school changes (aside from ones from primary to intermediate to secondary schools) were associated with a change of residential address for the child's mother. As of March 2015, while 51,000 students had attended fewer than five schools, 6,000 mobile students had attended 5-7 schools and 1,000 very mobile students had attended eight or more schools.

There is international evidence that the negative impacts of moving are greatest when children move both residence and school, and indeed *mobile* and *very mobile* students were more likely to receive special education services and show up in truancy data. Compared with other students in the 2000 birth cohort, *mobile* and *very mobile* students were more likely to have had a justice intervention by their 15th birthday. Among *very mobile* students: 11% had at least one youth justice referral, compared with 0.8% of students in the cohort as a whole; 5% had at least one youth justice placement, compared with 0.2% of students in the cohort as a whole; 30% had at least one police proceeding, compared with 5% of students in the cohort as a whole.<sup>90</sup>

## 7.3 Tenure changes for households with children

When the regulation and enforcement of rental quality is weak and landlords favour periodic or relatively short-term fixed tenancies, declining home ownership particularly affects children. The proportion of children younger than 15 living in rental dwellings increased even more than for the total population between 1986 and 2013, from 26% of children to 43% (up 65%). This increase in children in rental properties occurred at a time when the proportion of children in the population fell from around one-quarter to just over one-fifth of the population.

Falling home-ownership rates have had most effect among young children in Māori and Pacific people populations. In 1986, around half of Pacific people and Māori children lived in owner-occupied dwellings, but by 2013 only 39% of Māori children and 28% of Pacific children lived in a dwelling the household owned. Rates were even lower for children younger than 1 year, with just

Falling homeownership rates have had most effect among young children in Māori and Pacific people populations



over one-quarter of Pacific babies and around one-third of Māori babies living in an owner-occupied dwelling. Figure 7.1 illustrates that owner-occupation (home ownership) is highest among older age groups, lowest among young adults as they move around with mobility and independence, and among Pacific peoples, and below average for young age groups (such as under-10s).<sup>91</sup>

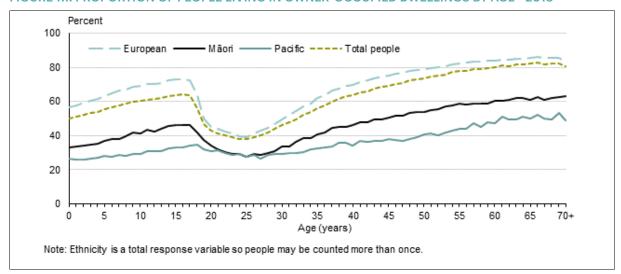


FIGURE 7.1: PROPORTION OF PEOPLE LIVING IN OWNER-OCCUPIED DWELLINGS BY AGE - 201392

International studies have found that children who move house in the first year of life are at substantially increased risk of emergency admissions for potentially preventable hospitalisations in early childhood. <sup>93</sup> Children living in rental accommodation are more likely to be hospitalised, especially for diseases linked to housing, more likely to be re-hospitalised, and more likely to die young. The Ministry of Health (MOH) has labelled some diseases 'Housing-Sensitive Hospitalisations', for which approximately 6,000 children are admitted each year. These children are 3.6 times more likely to be re-hospitalised and 10 times more likely to die in the following 10 years. <sup>94</sup> Addressing insecure, poor-quality rental housing therefore presents a critical need and opportunity for early intervention, to prevent the initial hospitalisation, and to prevent subsequent hospitalisations and deaths.

#### 7.4 Tenure changes for older people

While home ownership has been steadily declining in younger age groups, for the last two decades (1994 to 2016), home ownership for people aged over 65 years has been steady at around 86%, with 12-13% renting and 6.7% living with others in a home that the other residents own (boarding). Renting does however vary by area and is highest in Auckland (36%). The proportion of older people living in a house that is mortgage-free has dropped to 72%, which is a concern as it increases the number of people who have inadequate after-housing cost incomes; 33,708 people over the age of 65 were living in non-private dwellings in 2013, mostly in residential care for the elderly, with small numbers in dwellings such as boarding houses.

For example, an increasing proportion of retired people are renting because they have not been able to buy their own homes. If they are renting under a periodic tenancy and are given 90 days' notice, they will often be placed in an extremely difficult position in the current rental market. Similarly, while Housing NZ and council housing used to have discretionary rules for long-standing tenants who crossed the income threshold to pay market rather than subsidised rents these seem to be being phased out.

8.

# The Social Costs and Benefits of Housing Quality

Housing quality is not just an aspect of market value. Variations in housing costs do not necessarily correspond to variations in quality, particularly for rental housing. We spend most of our time indoors in our houses<sup>98</sup>, so the quality of our housing and the indoor environment is important to our health and well-being. As in a number of countries with temperate climates, dwellings in New Zealand have poorer thermal efficiency, which makes them harder to heat than well-insulated houses in more extreme climates. The thermal efficiency of our houses, as well as socio-economic factors and energy affordability, play important roles in determining whether a dwelling is sufficiently warm to keep the occupants healthy.<sup>99</sup>

As estimated by BRANZ and noted by the OECD<sup>100</sup>, only around two-thirds of New Zealand houses are even partially insulated, which makes the remainder cold, less energy efficient and more costly to heat, which has a direct effect on the health of occupants.<sup>101</sup> The recent BRANZ House Condition Survey based on independent assessments indicated that whilst just over half (53%) of houses had inadequate retrofitted insulation in the roof space and/or subfloor, the proportion was higher in rented homes.<sup>102</sup>

In winter, 5% of households did not usually heat living areas at all and almost half did not usually heat any occupied bedrooms. Owner-occupied households had access to more cost-effective heaters, such as heat pumps, low-emission wood burners and flued gas heaters, than did renting households, who, despite the risks to health and risks of fire, typically rely on more expensive and less effective heaters, such as unflued gas heaters, which were used to heat 17% of living areas and 6% of bedrooms. More effective home heating has been shown to reduce school absences. 104

A recent Statistics New Zealand Report on Energy Hardship replicated earlier research, 105 106 showing that using a variety of different measures, up to a third (29%) of New Zealand households struggled to afford their power bills, spent a larger part of their income on power, or often felt cold. Around two-thirds of low-income households experienced one or more energy hardship indicators and were three times more likely than all households to have three or more energy hardship

29% of New Zealand households struggled to afford their power bills, spent a larger part of their income on power, or often felt cold

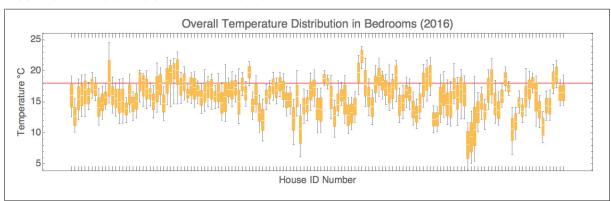
indicators (9% compared with 3% of all households). Again, renters were more likely to experience energy hardship, with 44% of renting households reporting at least one energy hardship indicator compared with 22% of households who owned their own home.<sup>107</sup>

#### 8.1 Risk factors in the indoor environment

Apart from making dwellings damp and harder to heat, low indoor temperatures are an important health hazard, especially for babies, children, older people and those with chronic illnesses and disabilities. Temperature and relative humidity are important factors influencing comfort and health of building occupants. Cold temperatures and excessive moisture give rise to mould growth, presenting a health risk and causing building material deterioration. A recent case-control study has shown that babies exposed to damp and mould have significantly more wheezing.<sup>108</sup>

A BRANZ report measured temperature and relative humidity across 83 homes in New Zealand in 2015. The small sample size means the results should be treated with caution, but they are useful indications. The current WHO recommendation for indoor temperatures is 18°C. The median temperature inside bedrooms was 16.4°C and the relative humidity levels were above 65% for 46% of the time. Bedrooms were found to be below 18°C for 84% of the night and morning time period (23:00 to 9:00). Lack of heating and/or ventilation in these dwellings may also contribute to mould growth with its potential adverse health effects. Using the mould index, which will be used in the 2018 Census, almost half the homes in the BRANZ study showed mould growth, including in bedrooms. The results showed that for two thirds of respondents (66%), their bedroom was colder than they would have liked for at least some of the time in winter than those in owner-occupied dwellings. The results showed that for two thirds of the time in winter than those in owner-occupied dwellings.

#### FIGURE 8.1 BEDROOM ROOM TEMPERATURES<sup>112</sup>



The evaluation of the Warm Up New Zealand: Heat Smart programme found that retrofitting homes with insulation produced health-related savings/benefits (including reductions in GP visits, reductions in time off work and school, reduced household level hospitalisation costs, pharmaceutical use costs, and reduced mortality for vulnerable elderly people) of \$860 per year per household. All these results were statistically significant, but the benefits were driven by the value of reductions in mortality risk for vulnerable elderly people. Given that the OECD, presumably based on EECA data, estimated that at least one third of our 1.8 million private dwellings may be under-insulated this suggests that if all dwellings were adequately insulated, New Zealand might gain ongoing annual health-related benefits of approximately \$0.5 billion. The Housing, Heating and Health Study showed that retrofitting insulation and installing effective home heating decreased wheezing in children with asthma and reduced their number of sick days off school. The Housing in the House of the Heating in the Heating and Heating in the Heating

#### 8.2 Crowding and other risks

Crowding is increased by social and economic factors, such as the decline of affordable housing, the rising level of rents in most cities and the lack of security of tenure in the private rental market, which leads to many households 'doubling up' to reduce per-person rents.

Data from the 2013 Census shows a mixed picture of crowding. The proportion of people living in crowded households and the proportion of crowded households has dropped, but the number of households and number of people living in them has risen. Data from the 2013 Census using a variety of crowding measures showed that around 10% of people live in crowded conditions, with the highest proportion in Counties Manukau DHB region (22%), followed by Auckland (16%) and then Tairawhiti (15%). Children are over represented in crowded households, with over half of crowded households having two or more children living in them. Two in five Pacific people (38%) and one in five Māori (20%) and Asian (18%) people live in crowded households, compared to 1 in 25 Europeans (4%). There is an income gradient with 9% of those people living in crowded households not using any form of heating in their houses. Data of the proportion of people living in crowded households not using any form of heating in their houses.

People in some low-income households endure crowding as a way to keep warm and this is likely to be one of the main drivers of our high rates of close-contact infectious diseases, especially among children and particularly Pacific and Māori children, where the rates of hospitalisation are double those for European children.<sup>121</sup> Tuberculosis acquired in New Zealand is significantly associated with household crowding.<sup>122</sup> Approximately 10% of hospital admissions per year for diseases such as pneumonia, meningococcal disease and tuberculosis are attributable to household crowding; for Māori and Pacific people, the number is 20% of hospitalisations.<sup>123</sup>

While use of administrative data can give an estimate of the maximum extent of the impact of housing on hospitalisations, it is important to note that these are indicative figures and do not necessarily establish causation. Data from the MOH, using their classification of potentially avoidable housing-related hospitalisations, estimate the cost for children aged 0-14 was around \$96 million in 2016/17. Using a slightly wider list of diagnostic codes, hospitalisation costs for all age groups in 2016/17 was almost \$350 million. However, the MOH classification are indicative only, as they mainly include respiratory data, but do not include cardiovascular or home injury data, both of which are increased by home hazards.

Other studies, which have included mortality as well as hospitalisation, suggest that the true total cost of poor housing is much greater. In 2013, the minimum cost of childhood asthma in New Zealand was \$58.3 million. Some \$37.8 million of that came from mortality (years of life lost). Adult asthma minimum costs were \$264.3 million (\$198.7 million mortality). Minimum total asthma costs, which included some costs not able to be disaggregated by age, were \$858.2 million (\$236.4 million mortality). For all respiratory disease, the total cost was at least \$6.2 billion (\$4.4 billion mortality). These are minimum, direct costs, and do not include indirect costs such as the long-term impact of interrupted schooling and mental health costs.<sup>124</sup>

The extent of the under-estimation of overall housing-related health costs can also be gauged from another recent study, which analysed national NZ hospital discharge data (2000-2014) using the Integrated Data Infrastructure to compare different measures of housing related hospitalisation. Using the MOH measure of Potentially Avoidable Hospitalisations, 619,667 hospitalisations affecting 390,220 children and 1,469 deaths occurred. Children with Potentially Avoidable Hospitalisations had twice the risk of re-hospitalisation and three times the risk of death than children hospitalised for diseases not related to housing, after adjusting for age, sex, ethnicity and deprivation.<sup>125</sup>

There are effective primary prevention housing projects. Children aged under 20 (predominantly Pacific and Māori) demonstrated statistically significant reductions in their total acute and arranged hospitalisation rates as a result of living in homes that participated in HNZC's Healthy Housing Programme, which included a range of measures such as insulation and heating retrofits and measures to address household crowding.<sup>126</sup> These benefits are often under-estimated.<sup>127</sup>

### 8.3 Quality of rental housing

Although there is no large random sample of dwelling quality in New Zealand, there is consistent evidence that on average private rental dwellings – generally older stock – are in the worst condition, followed by state housing, which has had extensive retrofitting – with owner-occupied housing being in the best condition. Tenants consistently report that their home is in worse condition than owner-occupiers, for example twice as many renters than owner-occupiers reported that their homes had lower material living standards overall.<sup>128</sup>

These results showing poorer performance for rental housing are backed by independent assessors. The 2015 BRANZ House Condition Survey of 560 houses assessed 32% of rental properties as being 'poorly maintained' compared with 14% of owner-occupied housing; 56% of rental properties compared with 49% of properties overall showed visible signs of mould. Mould was observed less frequently in houses where insulation and ventilation were present and heating was used. In 1,831 assessments carried out by independent building assessors as part of HRC-funded housing research, significantly more respiratory and injury hazards were shown in rental properties than in owner-occupied homes (See Figures 8.2 and 8.3). Respiratory and injury hazards lead to more respiratory symptoms and ACC claims. This clear quality difference means that tenants, who are more likely to be on lower incomes, are exposed to more health and safety risks than owner-occupiers. Rental standards may be raised through the recently passed Healthy Homes Guarantee Act 2017 and a rental WOF, which is being trialled in a number of New Zealand cities and being evaluated to consider the effectiveness and cost benefit of this approach, led by councils in partnership with researchers.



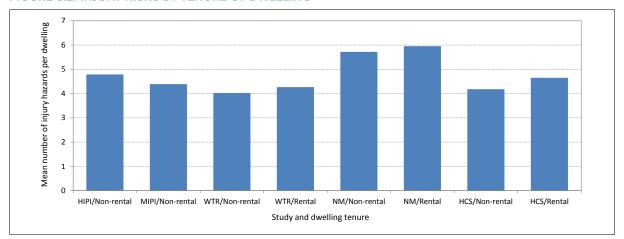
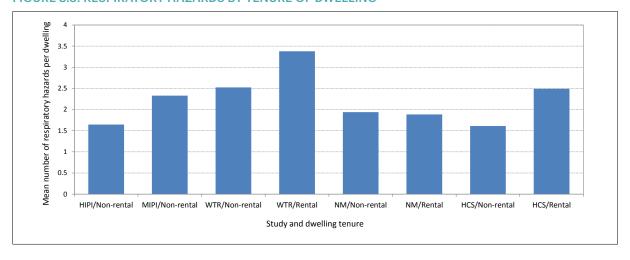


FIGURE 8.2: INJURY RISKS BY TENURE OF DWELLING<sup>137</sup>

FIGURE 8.3: RESPIRATORY HAZARDS BY TENURE OF DWELLING<sup>138</sup>



### 8.4 Leaky buildings

Leaky new buildings were identified in the 1990s and 2000s and subsequently in the current building boom in Auckland and Christchurch.<sup>139</sup> A 2009 government commissioned report by PricewaterhouseCoopers estimated that there were then between 22,000 and 89,000 leaky homes in New Zealand and the estimated consensus cost of damage in 2008 dollars was \$11 billion, with the lower and upper bounds being \$6 billion and \$23 billion.<sup>140</sup> The policy packages developed have left many important, unresolved building issues, so that relatively new owner-occupied properties, as well as older housing stock which has become rental housing stock, still leak and cause probable health costs.<sup>141</sup> As of November 2017, MBIE reports that the Weathertight Homes Resolution Services (WHRS) has received in total 7,362 claims on 12,776 homes; 613 claims are still open on 3,645 homes. In the 2017/8 budget, the WHRS has a budget of \$12.3 million and auxiliary payments of \$3.5 million.<sup>142</sup> Apart from the remediation costs involved, the poor quality of these buildings, even when remediated, has affected their ongoing value, as well as the general preferences of buyers, bankers and insurers.<sup>143</sup>

# References

- 1 MSD reported that in the three months ending 30 Sept 2017 the total number of Emergency Housing SNGs granted declined by 20% over the previous quarter, however, this in part reflects the growth in the number of transitional housing places available. The number of new clients presenting to Work and Income with an emergency housing need remained relatively stable over the past 12 months with between 100-150 new clients receiving an EHSNG each week.
- Recent house price growth has however tended to be in smaller cities and provincial towns. For example in 2016 prices in Auckland (4.3%) or Wellington (7.6%) have risen slower that in some regional towns (Marlborough 17.3%, Horowhenua 15.3%, Wanganui 15.1%, Queenstown-Lakes 13.7%, Rotorua 11.5%, Tasman 11.2%, Napier 10.2%, Nelson 10.2%. The overall price of housing in these smaller cities and towns, except for Queenstown-Lakes remains significantly less than in Auckland and Wellington however.
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- 13 Source: Corelogic
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- 16 Source: Statistics New Zealand Household Economic Survey see also Perry, B. Household Incomes in New Zealand; Trends in indicators of inequality and hardship 1982 to 2016
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- 32 See for example Statistics New Zealand's most recent subnational family and household projections at <a href="https://www.stats.govt.nz/news/empty-nesters-a-growing-part-of-the-flock">https://www.stats.govt.nz/news/empty-nesters-a-growing-part-of-the-flock</a>.
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- 35 Source: Statistics New Zealand International Travel and Migration data set available at <a href="http://archive.stats.govt.nz/">http://archive.stats.govt.nz/</a> infoshare/?url=/infoshare/.
- 36 Statistics New Zealand Building Consents series from the Infos database
- 37 Ministry of Business Innovation and Employment (2017) Briefing for the Incoming Minister of Housing and Urban Development; p.14.
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  - b) 70% of enterprises have fewer than five employees; and
  - c) only six enterprises employed more than 100 people.
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# **Appendices**

Table 1: Estimates of households and dwellings by tenure – 2007 to 2017

SOURCE: Statistics New Zealand Estimates of Dwellings and Households

At September	Total households	Owner- occupier households	Households renting	Households with rent free accommodation	Total households not owning	Total dwellings	Owner- occupied dwellings	Rented dwellings	Dwellings provided rent free	Total dwellings not owned by occupants
2007	1,576,200	1,046,400	464,400	65,400	529,800	1,666,500	1,106,400	491,000	69,200	560,200
2008	1,590,400	1,052,300	473,000	65,100	538,100	1,688,000	1,115,500	503,700	68,800	572,500
2009	1,604,000	1,056,400	483,100	64,500	547,600	1,702,200	1,119,800	514,300	68,100	582,400
2010	1,617,400	1,059,100	494,800	63,500	558,300	1,715,600	1,123,500	524,800	67,400	592,200
2011	1,628,200	1,061,300	504,200	62,700	566,900	1,728,400	1,126,600	535,200	66,600	601,800
2012	1,638,900	1,063,300	513,700	61,900	575,600	1,741,200	1,129,700	545,700	65,800	611,500
2013	1,651,600	1,065,600	524,200	61,900	586,100	1,756,400	1,133,100	557,400	65,800	623,200
2014	1,668,100	1,069,300	536,300	62,500	598,800	1,776,000	1,138,500	571,000	66,500	637,500
2015	1,686,400	1,074,100	549,100	63,200	612,300	1,797,900	1,145,100	585,400	67,400	652,800
2016	1,706,800	1,080,100	562,800	63,900	626,700	1,822,200	1,153,100	600,800	68,300	669,100
2017	1,729,300	1,087,200	577,400	64,800	642,200	1,849,000	1,162,400	617,300	69,300	686,600
Change 2007-17	153,100	40,800	113,000	-600	112,400	182,500	56,000	126,300	100	126,400

Table 2: Regional tenure patterns and estimates of rental housing stock – 2013 to 2017

SOURCE: Statistics New Zealand - 2013 Census, Estimates of Dwellings and Households and Building Consents data

	Total housing stock 2013	% of dwellings not owned	Stock not owned by occupants	Estimate of stock June 2017	Estimate of rental housing stock June 2017	% of dwellings rented in June 2017
Northland Region	73,926	33.8%	24,961	76,900	27,400	35.6%
Auckland Region	506,808	38.5%	195,364	535,000	216,700	40.5%
Waikato Region	182,010	37.3%	67,962	191,500	74,900	39.1%
Bay of Plenty Region	116,973	35.3%	41,235	123,200	45,600	37.0%
Gisborne Region	18,009	40.8%	7,349	18,300	7,800	42.6%
Hawke's Bay Region	64,278	34.1%	21,907	65,600	23,600	36.0%
Taranaki Region	47,283	32.0%	15,142	48,900	16,600	33.9%
Manawatu-Wanganui Region	99,510	34.8%	34,592	101,600	37,100	36.5%
Wellington Region	192,894	35.1%	67,671	198,600	73,200	36.9%
Tasman Region	21,582	25.0%	5,400	22,700	6,100	26.9%
Nelson Region	20,223	31.6%	6,398	20,900	7,000	33.5%
Marlborough Region	22,155	29.1%	6,439	22,900	7,100	31.0%
West Coast Region	16,599	31.9%	5,295	17,000	5,700	33.5%
Canterbury Region	236,463	31.7%	75,074	256,700	86,000	33.5%
Otago Region	94,266	32.0%	30,158	99,200	33,500	33.8%
Southland Region	42,828	30.3%	12,989	43,600	14,000	32.1%
Total New Zealand	1,756,140	35.2%	619,022	1,842,900	682,400	37.0%

Table 3: Yields on residential rental property investment by region – 2017

	1997	2007	2017		1997	2007	2017
Ashburton District	7.4	4.6	4.9	Palmerston North City	7.4	4.5	4.7
Auckland	6.9	4.6	3.3	Porirua City	7.6	4.8	4.3
Buller District	9.5	5.6	5.6	Queenstown-Lakes District	5.3	3.9	3.3
Carterton District	7.0	4.0	4.2	Rangitikei District	8.4	4.9	5.8
Central Hawkes Bay District	9.2	4.8	4.9	Rotorua District	7.1	4.7	4.7
Central Otago District	6.9	4.7	4.2	Ruapehu District	9.6	5.4	5.7
Christchurch City	6.5	4.5	4.4	Selwyn District	7.1	5.4	4.2
Clutha District	9.2	4.9	6.1	South Taraki District	8.0	5.6	6.0
Dunedin City	8.2	5.5	5.4	South Waikato District	9.1	5.8	6.2
Far North District	7.7	4.1	4.0	South Wairarapa District	7.9	3.8	4.5
Gisborne District	7.0	4.7	5.3	Southland District	7.6	4.6	4.7
Gore District	8.3	5.2	5.6	Stratford District	7.4	4.7	4.8
Grey District	8.1	5.4	5.5	Tararua District	7.6	5.4	5.7
Hamilton City	6.5	4.4	3.7	Tasman District	6.2	4.0	3.5
Hastings District	6.8	4.7	4.6	Taupo District	6.5	4.0	4.2
Hauraki District	7.1	4.2	4.1	Tauranga District	6.4	4.2	3.7
Horowhenua District	9.1	4.7	5.1	Thames-Coromandel District	5.3	3.0	3.1
Hurunui District	6.9	4.3	4.1	Timaru District	7.2	4.7	4.6
Lower Hutt City	7.7	4.5	4.4	Upper Hutt City	7.8	4.1	4.3
Invercargill City	8.7	5.2	5.4	Waikato District	5.8	4.0	3.3
Kaikoura District	6.2	3.5	4.8	Waimakariri District	6.6	4.8	4.3
Kaipara District	6.5	4.5	3.5	Waimate District	6.9	4.7	6.0
Kapiti Coast District	7.8	4.4	4.0	Waipa District	6.1	4.4	3.8
Kawerau District	10.8	6.4	6.0	Wairoa District	7.2	5.3	6.6
Mackenzie District	8.4	4.5	4.2	Waitaki District	8.1	4.9	5.2
Mawatu District	7.7	4.7	4.8	Waitomo District	8.3	5.0	5.0
Marlborough District	6.4	4.5	4.3	Wellington City	6.8	4.2	3.8
Masterton District	7.3	4.4	4.9	Western Bay Of Plenty District	5.2	3.3	3.2
Matamata-Piako District	6.1	4.3	4.0	Westland District	8.6	5.2	4.5
Nelson City	6.5	4.9	3.8	Whakatane District	5.7	4.1	4.1
New Plymouth District	7.6	4.8	4.4	Whangarei District	10.5	7.4	9.2
Opotiki District	7.5	3.9	5.0	Wanganui District	4.9	3.2	2.8
Otorohanga District	9.8	4.2	4.8	New Zealand - overall	6.6	4.8	4.6

Table 4: Regional household incomes and housing costs – 2008 to 2017

SOURCE: Statistics New Zealand - Household Economic Survey

June years	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Average annual housing costs										
Auckland	15,372	14,569	16,107	17,856	16,751	17,743	18,643	19,981	22,649	21,335
Wellington	14,765	14,246	13,561	14,373	14,751	14,640	16,020	14,806	15,363	17,023
Rest of the North Island	9,122	10,566	8,991	10,020	10,819	10,176	11,833	12,043	13,512	13,059
Canterbury	11,384	10,860	10,427	10,812	10,550	11,201	12,757	14,656	14,262	13,683
Rest of the South Island	9,150	9,014	8,850	9,491	9,853	9,527	9,805	10,027	12,255	11,696
Total New Zealand	11,967	12,052	11,837	12,928	12,916	13,045	14,277	14,921	16,533	16,037
Average annual household income										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Auckland	87,647	88,534	84,892	91,925	94,202	96,755	103,326	106,453	114,534	121,126
Wellington	90,475	91,424	92,728	98,586	93,877	105,278	97,402	102,817	98,860	113,701
Rest of the North Island	64,554	68,322	66,102	68,285	67,406	72,322	72,300	81,780	83,788	81,572
Canterbury	66,186	76,318	77,990	72,533	83,564	85,366	90,112	94,048	91,917	88,935
Rest of the South Island	66,003	69,247	70,487	70,719	71,615	76,430	83,903	82,586	77,232	75,422
Total New Zealand	74,882	78,254	76,928	79,720	81,170	85,678	88,339	93,482	95,408	97,882
Proportion of household income spent on	housina									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Auckland	17.5%	16.5%	19.0%	19.4%	17.8%	18.3%	18.0%	18.8%	19.8%	17.6%
Wellington	16.3%	15.6%	14.6%	14.6%	15.7%	13.9%	16.4%	14.4%	15.5%	15.0%
Rest of the North Island	14.1%	15.5%	13.6%	14.7%	16.1%	14.1%	16.4%	14.7%	16.1%	16.0%
Canterbury	17.2%	14.2%	13.4%	14.9%	12.6%	13.1%	14.2%	15.6%	15.5%	15.4%
Rest of the South Island	13.9%	13.0%	12.6%	13.4%	13.8%	12.5%	11.7%	12.1%	15.9%	15.5%
Total New Zealand	16.0%	15.4%	15.4%	16.2%	15.9%	15.2%	16.2%	16.0%	17.3%	16.4%

Table 5: Proportion of households spending above income to housing cost threshold - 2008 to 2017

SOURCE: Statistics New Zealand - Household Economic Survey

June years	2008	2009	2011	2012	2013	2014	2015	2016	2017
Owner-occupied households									
More than 25% of household income on housing costs									
Number of households	222.8	204.3	196.8	204.1	200.7	213.9	218.7	256.8	253.8
Percentage of all owner-occupied households	20.9	18.9	18.4	19.1	18.4	19.8	20.1	22.5	21.5
More than 30% of household income on housing costs									
Number of households	159.9	136.8	134.8	133.5	130.5	151.0	154.9	175.6	178.4
Percentage of all owner-occupied households	15.0	12.7	12.6	12.5	11.9	13.9	14.3	15.4	15.1
More than 40% of household income on housing costs									
Number of households	91.9	68.2	74.2	71.6	61.0	85.3	82.3	98.9	92.2
Percentage of all owner-occupied households	8.6	6.3	6.9	6.7	5.6	7.9	7.6	8.7	7.8
Housing is not owned by household									
More than 25% of household income on housing costs									
Number of households	258.7	232.1	290.9	285.5	275.8	253.9	282.7	271.8	310.0
Percentage of all households where house is not owned	49.3	43.9	51.2	48.8	48.3	44.4	48.3	49.3	47.1
More than 30% of household income on housing costs									
Number of households	198.8	174.7	221.8	214.8	202.7	191.9	214.5	204.0	231.7
Percentage of all households where house is not owned	37.9	33.0	39.1	36.7	35.5	33.6	36.7	37.0	35.2
More than 40% of household income on housing costs									
Number of households	115.2	102.1	130.2	132.2	131.8	119.6	134.1	127.4	137.1
Percentage of all households where house is not owned	22.0	19.3	22.9	22.6	23.1	20.9	22.9	23.1	20.8
Total of all households									
More than 25% of household income on housing costs									
Number of households	481.5	436.4	487.7	489.5	476.5	467.8	501.5	528.5	563.7
Percentage of all households	30.2	27.1	29.8	29.6	28.6	28.3	30.0	31.3	30.6
More than 30% of household income on housing costs									
Number of households	358.7	311.4	356.7	348.1	333.2	342.9	369.4	379.6	410.1
Percentage of all households	22.5	19.4	21.8	21.1	20.0	20.7	22.1	22.5	22.3
More than 40% of household income on housing costs		·	·		·		·	·	
Number of households	207.1	170.2	204.4	203.9	192.8	204.9	216.4	226.3	229.3
Percentage of all households	13.0	10.6	12.5	12.1	11.6	12.4	12.9	13.4	12.5

Table 6: Comparison of rents, consumer prices and wages – 2007 to 2017

SOURCES: Ministry of Business Innovation and Employment – Tenancy Bond Division data base, Statistics New Zealand Consumer Price Index and Quarterly Employment Survey

	Lower quartile rent	Geometric mean rent	CPI All Groups	Average weekly wage for employees – all sectors
Sep-07	208	275	1,025	741
Dec-07	213	281	1,037	752
Mar-08	215	287	1,044	776
Jun-08	217	288	1,061	774
Sep-08	220	289	1,077	783
Dec-08	220	289	1,072	792
Mar-09	222	292	1,075	815
Jun-09	221	290	1,081	808
Sep-09	219	288	1,095	810
Dec-09	221	291	1,093	810
Mar-10	222	295	1,097	818
Jun-10	224	296	1,099	818
Sep-10	226	297	1,111	824
Dec-10	227	300	1,137	839
Mar-11	232	307	1,146	851
Jun-11	233	307	1,157	855
Sep-11	232	306	1,162	860
Dec-11	232	307	1,158	864
Mar-12	238	317	1,164	882
Jun-12	240	318	1,168	885
Sep-12	241	318	1,171	888
Dec-12	244	323	1,169	893
Mar-13	246	329	1,174	907
Jun-13	248	330	1,176	903
Sep-13	247	328	1,187	916
Dec-13	252	335	1,188	920
Mar-14	256	343	1,192	937
Jun-14	257	342	1,195	934
Sep-14	255	341	1,199	934
Dec-14	260	347	1,197	944
Mar-15	266	358	1,193	959
Jun-15	269	359	1,200	962
Sep-15	268	358	1,204	963
Dec-15	273	365	1,198	973
Mar-16	276	373	1,200	977
Jun-16	280	374	1,205	979
Sep-16	280	374	1,209	982
Dec-16	289	385	1,214	987
Mar-17	288	390	1,226	999
Jun-17	292	392	1,226	1,000
Sep-17	293	392	1,232	1,011

**Table 7: Changes in mean rents on three bedroom houses for selected suburbs – 2012 to 2017** SOURCE: Ministry of Business Innovation and Employment – Tenancy Bond Division data base

	4 Q average to Sep-12	4 Q average to Sep-16	4 Q average to Sep-17	1 year change	5 year change
Kaikohe	224	258	273	5.8%	22.3%
Glenfield Central	448	536	558	4.2%	24.6%
Ranui North	361	444	468	5.2%	29.5%
Akarana	457	543	559	2.8%	22.2%
Avondale West	418	504	541	7.5%	29.6%
Mt Wellington North	452	518	568	9.7%	25.6%
Otahuhu East	392	475	498	4.7%	27.1%
Manurewa Central	361	476	504	5.9%	39.5%
Papakura East	345	439	458	4.4%	33.0%
Huntly East	235	301	317	5.4%	34.9%
Claudelands - Hamilton	322	372	404	8.7%	25.7%
Greerton - Tauranga	319	378	415	10.0%	30.1%
Fordlands - Rotorua	207	237	282	18.8%	36.0%
Tokoroa	159	191	216	13.4%	35.6%
Flaxmere East	274	317	338	6.8%	23.6%
Westown – New Plymouth	335	369	377	2.2%	12.6%
Highbury – Palmerston North	263	290	315	8.4%	19.7%
Cannons Creek North	258	290	322	11.0%	24.7%
Trentham North	334	373	416	11.5%	24.6%
Naenae South	338	356	400	12.4%	18.5%
Miramar South	474	514	596	15.9%	25.9%
Tahunanui - Nelson	344	364	397	9.2%	15.7%
Aranui	309	377	367	-2.8%	18.6%
Hornby South	341	413	409	-1.0%	19.9%
Woolston West	330	398	376	-5.6%	13.9%
St Kilda West - Dunedin	313	352	386	9.5%	23.1%
Richmond - Invercargill	246	260	278	7.0%	12.9%
National	349	415	438	5.5%	25.5%

Table 8: Estimates of tenancy turnover – 2007 to 2017

SOURCE: Ministry of Business Innovation and Employment – Tenancy Bond Division data base

	Active bonds	Bonds lodged	Turnover - lodge/active
Sep-07	268,183	48,179	18.0%
Dec-07	269,819	40,608	15.1%
Mar-08	270,816	42,356	15.6%
Jun-08	278,260	49,963	18.0%
Sep-08	282,567	43,536	15.4%
Dec-08	286,476	43,400	15.1%
Mar-09	287,676	47,354	16.5%
Jun-09	297,051	50,262	16.9%
Sep-09	303,062	44,905	14.8%
Dec-09	304,032	40,867	13.4%
Mar-10	303,461	48,561	16.0%
Jun-10	309,857	43,636	14.1%
Sep-10	314,702	46,612	14.8%
Dec-10	319,675	43,647	13.7%
Mar-11	319,664	47,041	14.7%
Jun-11	324,018	43,298	13.4%
Sep-11	330,416	47,577	14.4%
Dec-11	331,808	35,786	10.8%
Mar-12	328,902	45,902	14.0%
Jun-12	333,978	45,246	13.5%
Sep-12	338,995	46,854	13.8%
Dec-12	339,232	36,823	10.9%
Mar-13	336,371	44,688	13.3%
Jun-13	339,659	45,831	13.5%
Sep-13	341,358	40,607	11.9%
Dec-13	344,195	43,121	12.5%
Mar-14	344,918	46,069	13.4%
Jun-14	348,366	40,906	11.7%
Sep-14	354,395	44,737	12.6%
Dec-14	356,879	36,440	10.2%
Mar-15	356,138	46,390	13.0%
Jun-15	361,576	44,924	12.4%
Sep-15	366,311	41,810	11.4%
Dec-15	367,407	40,031	10.9%
Mar-16	366,523	46,877	12.8%
Jun-16	372,779	45,016	12.1%
Sep-16	379,027	47,543	12.5%
Dec-16	383,191	36,394	9.5%
Mar-17	379,151	45,650	12.0%
Jun-17	384,561	43,341	11.3%
Sep-17	386,816	38,056	9.8%

Figure 9: Homeownership rates by age – 2001 to 2013

SOURCE: Customised data provided by Statistics New Zealand from the 2001, 2006 and 2013 Censuses

Census	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69	70-74	75-79	80-84	85+
2001	6%	26%	48%	61%	69%	74%	78%	79%	79%	80%	81%	79%	73%	55%
2006	7%	23%	44%	57%	65%	70%	75%	78%	79%	79%	79%	78%	74%	59%
2013	5%	18%	36%	50%	58%	64%	68%	72%	75%	77%	77%	76%	73%	60%

## Figure 10: Home ownership rates by region – 2013

SOURCE: Statistics New Zealand 2013 Census

	Owned or partly owned	Not owned	Owned by family trust	Total households stated	Not stated	Composite % owned
Northland	27,858	18,066	7,581	53,505	5,439	66.2%
Auckland	201,411	168,708	67,533	437,649	31,848	61.5%
Waikato	68,193	52,536	19,974	140,706	9,468	62.7%
Bay of Plenty	45,456	33,453	15,984	94,890	7,383	64.7%
Gisborne	7,083	6,006	1,629	14,718	1,278	59.2%
Hawke's	26,919	18,417	8,703	54,039	3,603	65.9%
Taranaki	21,084	12,951	6,405	40,440	2,571	68.0%
Manawatu-Wanganui	42,228	28,401	11,067	81,693	5,307	65.2%
Wellington	86,346	58,515	21,933	166,794	9,339	64.9%
Tasman	10,194	4,356	2,850	17,397	864	75.0%
Nelson	9,651	5,598	2,445	17,694	849	68.4%
Marlborough	9,252	4,863	2,610	16,722	951	70.9%
West Coast	7,179	3,885	1,116	12,180	1,107	68.1%
Canterbury	106,314	61,671	26,262	194,247	10,593	68.3%
Otago	37,221	23,841	13,458	74,520	4,392	68.0%
Southland	18,963	10,743	5,709	35,412	2,034	69.7%
All New Zealand	725,448	512,109	215,280	1,452,840	97,053	64.8%

# Figure 11: New lending on mortgages by type of borrower – 2014 to 2017 - \$millions

SOURCE: Reserve Bank of New Zealand Series C31 New residential mortgage lending by borrower type.

Quarter	Total lending	First home buyer	Owner- occupiers	Investors	Business lending	First home buyers as %	Owner- occupiers as %	Investors as %
Dec-14	15,524	1,617	9,087	4,586	233	10%	59%	30%
Mar-15	14,507	1,413	8,263	4,637	195	10%	57%	32%
Jun-15	17,564	1,729	9,942	5,677	215	10%	57%	32%
Sep-15	18,450	1,955	10,051	6,230	215	11%	54%	34%
Dec-15	18,269	2,117	10,483	5,476	191	12%	57%	30%
Mar-16	15,855	1,803	8,782	5,068	203	11%	55%	32%
Jun-16	20,594	2,360	10,968	7,039	228	11%	53%	34%
Sep-16	18,243	2,167	10,492	5,384	199	12%	58%	30%
Dec-16	17,564	2,478	10,765	4,150	172	14%	61%	24%
Mar-17	13,897	1,872	8,559	3,293	172	13%	62%	24%
Jun-17	15,691	2,192	9,467	3,852	179	14%	60%	25%
Sep-17	14,474	2,097	8,976	3,235	165	14%	62%	22%

Table 12: Region house prices changes – 2007 to 2017 - \$s nominal

SOURCE: Corelogic

	Jun-07	Jun-08	Jun-09	Jun-10	Jun-11	Jun-12	Jun-13	Jun-14	Jun-15	Jun-16	Jun-17
Auckland	330,000	340,000	340,000	347,625	357,000	365,000	392,000	452,500	550,000	640,000	649,750
Bay of Plenty	265,000	255,000	260,000	254,000	261,000	263,750	274,250	271,250	291,250	329,163	374,250
Canterbury	250,000	245,000	238,000	250,000	250,000	262,000	290,000	319,500	335,000	348,000	340,000
Gisborne	209,250	182,500	179,250	200,000	184,000	163,125	172,500	188,500	180,000	178,000	220,000
Hawke's Bay	217,500	212,000	212,500	230,000	218,000	224,000	230,000	215,000	234,000	242,625	270,000
Manawatu-Wanganui	165,875	165,000	175,000	175,000	172,000	170,000	174,750	167,500	160,000	170,000	190,000
Marlborough	275,000	269,000	252,000	237,000	230,000	245,000	255,000	247,250	250,000	290,000	315,625
Nelson	265,000	277,750	272,500	265,000	267,875	275,000	292,250	304,500	303,000	360,000	374,250
Northland	245,750	250,000	245,000	250,000	235,000	220,000	235,000	240,000	242,888	265,000	339,750
Otago	200,000	199,000	185,000	200,000	195,000	200,000	212,000	210,000	220,000	240,000	260,000
Southland	135,000	137,500	149,500	146,750	145,000	145,000	145,000	138,000	145,000	153,500	168,000
Taranaki	210,000	205,000	215,000	225,000	205,000	225,000	235,000	235,000	234,750	238,000	259,000
Tasman	290,000	298,500	302,500	295,000	304,000	311,500	327,000	340,000	335,500	378,750	440,000
Waikato	240,000	240,000	252,250	254,000	250,000	255,000	250,000	265,000	265,000	315,000	360,000
Wellington	277,000	285,000	276,000	292,500	282,125	288,750	295,000	300,000	290,000	326,375	382,075
West Coast	150,000	138,125	155,000	150,000	160,000	172,000	180,000	145,000	167,750	145,000	153,000
New Zealand	255,050	250,000	250,000	260,000	260,000	265,000	280,000	295,000	308,000	320,000	332,000

Table 13: Housing affordability measures – 2007 to 2017 - Years to pay median house price at average wage

SOURCE: Statistics New Zealand - Quarterly Employment Survey & Corelogic

Learning (membra)         Warding (mouse) (mouse)         Vear (pouse)         Warding (pouse)         Vear (pouse)         Warding (pouse)         Vear (pouse)			AUCKLAND		CANTERBU	RY	NEW ZEALAND		
Sep-07         741         435,000         11.3         315,000         8.2         347,000         9.0           Dec-07         752         445,000         11.4         320,000         8.2         350,000         8.9           Mar-08         776         430,000         10.7         320,000         7.9         345,000         8.6           Sep-08         783         426,500         10.5         304,000         7.5         335,200         8.6           Sep-08         792         435,000         10.6         304,000         7.4         340,000         8.3           Mar-09         815         432,000         10.6         303,000         7.2         345,000         8.2           Sep-09         810         459,000         10.9         312,500         7.4         353,000         8.2           Sep-09         810         475,000         11.3         325,000         7.7         364,000         8.2           Sep-10         818         475,000         11.2         314,250         7.4         353,000         8.5           Sep-10         824         450,000         10.5         325,000         7.6         350,300         8.2		weekly Earnings							
Dec-07   752	Jun-07	737	435,687	11.4	311,000	8.1	345,000	9.0	
Mar-08         776         430,000         10.7         320,000         7.9         343,000         8.6           Jun-08         774         440,500         10.9         305,000         7.6         345,000         8.6           Sep-08         783         783,000         10.6         304,000         7.4         340,000         8.6           Ber-09         815         432,000         10.6         303,000         7.2         345,000         8.0           Jun-09         808         445,000         10.6         303,000         7.2         345,000         8.2           Sep-09         810         475,000         11.3         325,000         7.7         364,000         8.6           Mar-10         818         475,000         11.2         314,250         7.4         360,000         8.5           Sep-10         814         475,000         10.7         320,000         7.5         360,000         8.5           Sep-11         816         455,500         10.7         320,000         7.3         360,000         8.2           Sep-11         851         470,000         10.6         314,000         7.1         365,000         8.2	Sep-07	741	435,000	11.3	315,000	8.2	347,000	9.0	
Jun-08   774	Dec-07	752	445,000	11.4	320,000	8.2	350,000	8.9	
Sep-08         783         426,500         10.5         304,000         7.5         335,200         8.2           Dec-08         792         435,000         10.6         304,000         7.4         340,000         8.3           Mar-09         815         432,000         10.2         299,000         7.1         337,000         8.2           Sep-09         810         459,000         10.9         312,500         7.4         353,000         8.2           Sep-09         810         475,000         11.3         325,000         7.7         364,000         8.6           Mar-10         818         475,000         11.2         314,250         7.4         360,000         8.5           Jun-10         818         455,500         10.7         320,000         7.5         360,000         8.5           Sep-10         824         450,000         10.5         325,000         7.6         350,300         8.2           Bec-10         839         468,000         10.7         320,000         7.3         360,000         8.2           Sep-11         851         470,000         10.6         314,000         7.1         357,000         8.2	Mar-08	776	430,000	10.7	320,000	7.9	343,000	8.5	
Dec-08         792         435,000         10.6         304,000         7.4         340,000         8.3           Mar-09         815         432,000         10.2         299,000         7.1         337,000         8.0           Jun-09         808         445,000         10.6         303,000         7.2         345,000         8.2           Sep-09         810         455,000         10.9         312,500         7.4         353,000         8.4           Dec-09         810         475,000         11.3         325,000         7.7         364,000         8.6           Mar-10         818         475,000         11.2         314,250         7.4         360,000         8.5           Sep-10         824         450,000         10.7         320,000         7.5         360,000         8.5           Sep-10         824         450,000         10.6         314,000         7.3         360,000         8.2           Sep-11         851         470,000         10.6         314,000         7.1         357,000         8.1           Jun-11         852         473,000         10.6         320,000         7.2         365,000         8.2	Jun-08	774	440,500	10.9	305,000	7.6	345,000	8.6	
Mar-09         815         432,000         10.2         299,000         7.1         337,000         8.0           Jun-09         808         445,000         10.6         303,000         7.2         345,000         8.2           Sep-09         810         459,000         10.9         312,500         7.4         353,000         8.4           Dec-09         810         475,000         11.2         314,250         7.4         360,000         8.5           Jun-10         818         475,000         11.2         314,250         7.4         360,000         8.5           Sep-10         824         450,000         10.5         325,000         7.6         350,300         8.2           Sep-10         824         450,000         10.7         320,000         7.3         362,000         8.2           Sep-11         851         470,000         10.6         314,000         7.1         350,000         8.2           Sep-11         860         461,000         10.3         345,000         7.7         360,000         8.1           Bec-11         864         475,000         10.6         345,000         7.7         360,000         8.1	Sep-08	783	426,500	10.5	304,000	7.5	335,200	8.2	
Jun-09	Dec-08	792	435,000	10.6	304,000	7.4	340,000	8.3	
Sep-09         810         459,000         10.9         312,500         7.4         353,000         8.4           Dec-09         810         475,000         11.3         325,000         7.7         364,000         8.6           Mar-10         818         475,000         11.2         314,250         7.4         360,000         8.5           Jun-10         818         455,500         10.7         320,000         7.5         360,000         8.5           Sep-10         824         450,000         10.5         325,000         7.6         350,300         8.2           Dec-10         839         468,000         10.7         320,000         7.1         357,000         8.1           Jun-11         851         470,000         10.6         314,000         7.1         357,000         8.2           Sep-11         860         461,000         10.3         345,000         7.7         360,000         8.1           Dec-11         864         475,000         10.6         345,000         7.7         370,000         8.2           Sep-13         882         473,500         10.3         336,000         7.7         372,000         8.1	Mar-09	815	432,000	10.2	299,000	7.1	337,000	8.0	
Dec-09         810         475,000         11.3         325,000         7.7         364,000         8.6           Mar-10         818         475,000         11.2         314,250         7.4         360,000         8.5           Jun-10         818         455,500         10.7         320,000         7.5         360,000         8.5           Sep-10         824         450,000         10.5         325,000         7.6         350,300         8.2           Dec-10         839         468,000         10.7         320,000         7.3         362,000         8.3           Mar-11         851         470,000         10.6         314,000         7.1         357,000         8.1           Jun-11         855         473,000         10.6         320,000         7.2         365,000         8.2           Sep-11         860         461,000         10.3         345,000         7.7         370,000         8.1           Dec-11         864         475,000         10.6         345,000         7.7         370,000         8.2           Mar-12         882         499,000         10.8         340,000         7.4         374,000         8.1	Jun-09	808	445,000	10.6	303,000	7.2	345,000	8.2	
Mar-10         818         475,000         11.2         314,250         7.4         360,000         8.5           Jun-10         818         455,500         10.7         320,000         7.5         360,000         8.5           Sep-10         824         450,000         10.5         325,000         7.6         350,300         8.2           Dec-10         839         468,000         10.7         320,000         7.3         362,000         8.3           Mar-11         851         470,000         10.6         314,000         7.1         357,000         8.1           Jun-11         855         473,000         10.6         320,000         7.7         360,000         8.2           Sep-11         860         461,000         10.3         345,000         7.7         370,000         8.2           Mar-12         882         473,500         10.3         336,000         7.3         361,300         7.9           Jun-12         885         499,000         10.8         340,000         7.4         374,000         8.1           Sep-12         888         500,000         11.8         340,000         7.5         372,000         8.1	Sep-09	810	459,000	10.9	312,500	7.4	353,000	8.4	
Jun-10         818         455,500         10.7         320,000         7.5         360,000         8.5           Sep-10         824         450,000         10.5         325,000         7.6         350,300         8.2           Dec-10         839         468,000         10.7         320,000         7.3         362,000         8.3           Mar-11         851         470,000         10.6         314,000         7.1         357,000         8.1           Jun-11         855         473,000         10.6         320,000         7.2         365,000         8.2           Sep-11         860         461,000         10.3         345,000         7.7         360,000         8.2           Mar-12         882         473,500         10.6         345,000         7.7         370,000         8.2           Mar-12         882         499,000         10.8         340,000         7.4         374,000         8.1           Sep-12         888         500,000         10.8         348,000         7.5         372,000         8.1           Sep-12         893         526,000         11.3         359,000         7.7         385,000         8.2	Dec-09	810	475,000	11.3	325,000	7.7	364,000	8.6	
Sep-10         824         450,000         10.5         325,000         7.6         350,300         8.2           Dec-10         839         468,000         10.7         320,000         7.3         362,000         8.3           Mar-11         851         470,000         10.6         314,000         7.1         357,000         8.1           Jun-11         855         473,000         10.6         320,000         7.2         365,000         8.2           Sep-11         860         461,000         10.3         345,000         7.7         360,000         8.1           Dec-11         864         475,000         10.6         345,000         7.7         370,000         8.2           Jun-12         885         499,000         10.3         336,000         7.3         361,300         7.9           Jun-12         885         499,000         10.8         348,000         7.5         372,000         8.1           Sep-12         888         500,000         11.8         348,000         7.5         372,000         8.3           Mar-13         907         536,000         11.4         360,000         7.6         385,000         8.2	Mar-10	818	475,000	11.2	314,250	7.4	360,000	8.5	
Dec-10         839         468,000         10.7         320,000         7.3         362,000         8.3           Mar-11         851         470,000         10.6         314,000         7.1         357,000         8.1           Jun-11         855         473,000         10.6         320,000         7.2         365,000         8.2           Sep-11         860         461,000         10.3         345,000         7.7         360,000         8.1           Dec-11         864         475,000         10.6         345,000         7.7         370,000         8.2           Mar-12         882         473,500         10.3         345,000         7.3         361,300         7.9           Jun-12         885         499,000         10.8         340,000         7.4         374,000         8.1           Sep-12         888         500,000         10.8         348,000         7.5         372,000         8.1           Mar-13         907         536,000         11.1         360,000         7.6         385,000         8.2           Jun-13         903         551,250         11.7         375,500         8.0         394,000         8.2	Jun-10	818	455,500	10.7	320,000	7.5	360,000	8.5	
Mar-11         851         470,000         10.6         314,000         7.1         357,000         8.1           Jun-11         855         473,000         10.6         320,000         7.2         365,000         8.2           Sep-11         860         461,000         10.3         345,000         7.7         360,000         8.1           Dec-11         864         475,000         10.6         345,000         7.7         370,000         8.2           Mar-12         882         473,500         10.3         336,000         7.3         361,300         7.9           Jun-12         885         499,000         10.8         340,000         7.4         374,000         8.1           Sep-12         888         500,000         10.8         348,000         7.5         372,000         8.1           Mar-13         907         536,000         11.3         359,000         7.7         385,000         8.3           Mar-13         903         551,250         11.7         375,500         8.0         394,000         8.4           Sep-13         916         560,000         11.8         375,000         7.9         390,000         8.2	Sep-10	824	450,000	10.5	325,000	7.6	350,300	8.2	
Jun-11         855         473,000         10.6         320,000         7.2         365,000         8.2           Sep-11         860         461,000         10.3         345,000         7.7         360,000         8.1           Dec-11         864         475,000         10.6         345,000         7.7         370,000         8.2           Mar-12         882         473,500         10.3         336,000         7.3         361,300         7.9           Jun-12         885         499,000         10.8         340,000         7.4         374,000         8.1           Sep-12         888         500,000         10.8         348,000         7.5         372,000         8.1           Dec-12         893         526,000         11.3         359,000         7.7         385,000         8.2           Jun-13         907         536,000         11.4         360,000         7.6         385,000         8.2           Jun-13         903         551,250         11.7         375,500         8.0         394,000         8.4           Sep-13         916         560,000         12.6         391,000         8.2         421,000         8.8	Dec-10	839	468,000	10.7	320,000	7.3	362,000	8.3	
Sep-11         860         461,000         10.3         345,000         7.7         360,000         8.1           Dec-11         864         475,000         10.6         345,000         7.7         370,000         8.2           Mar-12         882         473,500         10.3         336,000         7.3         361,300         7.9           Jun-12         885         499,000         10.8         340,000         7.4         374,000         8.1           Sep-12         888         500,000         10.8         348,000         7.5         372,000         8.1           Dec-12         893         526,000         11.3         359,000         7.7         385,000         8.3           Mar-13         907         536,000         11.4         360,000         7.6         385,000         8.2           Jun-13         903         551,250         11.7         375,500         8.0         394,000         8.4           Sep-13         916         560,000         11.8         375,000         7.9         390,000         8.2           Mar-14         937         610,000         12.5         405,000         8.3         417,500         8.6	Mar-11	851	470,000	10.6	314,000	7.1	357,000	8.1	
Dec-11         864         475,000         10.6         345,000         7.7         370,000         8.2           Mar-12         882         473,500         10.3         336,000         7.3         361,300         7.9           Jun-12         885         499,000         10.8         340,000         7.4         374,000         8.1           Sep-12         888         500,000         10.8         348,000         7.5         372,000         8.1           Dec-12         893         526,000         11.3         359,000         7.7         385,000         8.3           Mar-13         907         536,000         11.4         360,000         7.6         385,000         8.2           Jun-13         903         551,250         11.7         375,500         8.0         394,000         8.4           Sep-13         916         560,000         11.8         375,000         7.9         390,000         8.2           Boc-13         920         605,000         12.6         391,000         8.2         421,000         8.3           Mar-14         937         610,000         12.5         405,000         8.5         429,000         8.8	Jun-11	855	473,000	10.6	320,000	7.2	365,000	8.2	
Mar-12         882         473,500         10.3         336,000         7.3         361,300         7.9           Jun-12         885         499,000         10.8         340,000         7.4         374,000         8.1           Sep-12         888         500,000         10.8         348,000         7.5         372,000         8.1           Dec-12         893         526,000         11.3         359,000         7.7         385,000         8.3           Mar-13         907         536,000         11.4         360,000         7.6         385,000         8.2           Jun-13         903         551,250         11.7         375,500         8.0         394,000         8.4           Sep-13         916         560,000         11.8         375,000         7.9         390,000         8.2           Dec-13         920         605,000         12.6         391,000         8.2         421,000         8.8           Mar-14         937         610,000         12.5         405,000         8.3         417,500         8.6           Jun-14         934         620,000         12.8         415,000         8.5         420,000         8.6	Sep-11	860	461,000	10.3	345,000	7.7	360,000	8.1	
Jun-12         885         499,000         10.8         340,000         7.4         374,000         8.1           Sep-12         888         500,000         10.8         348,000         7.5         372,000         8.1           Dec-12         893         526,000         11.3         359,000         7.7         385,000         8.3           Mar-13         907         536,000         11.4         360,000         7.6         385,000         8.2           Jun-13         903         551,250         11.7         375,500         8.0         394,000         8.4           Sep-13         916         560,000         11.8         375,000         7.9         390,000         8.2           Dec-13         920         605,000         12.6         391,000         8.2         421,000         8.8           Mar-14         937         610,000         12.5         405,000         8.3         417,500         8.6           Jun-14         934         620,000         12.8         415,000         8.5         429,000         8.8           Sep-14         944         665,000         13.5         430,000         8.8         450,000         9.2	Dec-11	864	475,000	10.6	345,000	7.7	370,000	8.2	
Sep-12         888         500,000         10.8         348,000         7.5         372,000         8.1           Dec-12         893         526,000         11.3         359,000         7.7         385,000         8.3           Mar-13         907         536,000         11.4         360,000         7.6         385,000         8.2           Jun-13         903         551,250         11.7         375,500         8.0         394,000         8.4           Sep-13         916         560,000         11.8         375,000         7.9         390,000         8.2           Dec-13         920         605,000         12.6         391,000         8.2         421,000         8.8           Mar-14         937         610,000         12.5         405,000         8.3         417,500         8.6           Jun-14         934         620,000         12.8         415,000         8.5         429,000         8.8           Sep-14         934         620,000         13.5         430,000         8.8         450,000         9.2           Mar-15         959         696,900         14.0         420,000         8.4         440,000         8.8	Mar-12	882	473,500	10.3	336,000	7.3	361,300	7.9	
Dec-12         893         526,000         11.3         359,000         7.7         385,000         8.3           Mar-13         907         536,000         11.4         360,000         7.6         385,000         8.2           Jun-13         903         551,250         11.7         375,500         8.0         394,000         8.4           Sep-13         916         560,000         11.8         375,000         7.9         390,000         8.2           Dec-13         920         605,000         12.6         391,000         8.2         421,000         8.8           Mar-14         937         610,000         12.5         405,000         8.3         417,500         8.6           Jun-14         934         620,000         12.8         415,000         8.5         429,000         8.8           Sep-14         934         620,000         12.8         414,500         8.5         420,000         8.6           Dec-14         944         665,000         13.5         430,000         8.8         450,000         9.2           Mar-15         959         696,900         14.0         420,000         8.4         440,000         8.6         460,000	Jun-12	885	499,000	10.8	340,000	7.4	374,000	8.1	
Mar-13         907         536,000         11.4         360,000         7.6         385,000         8.2           Jun-13         903         551,250         11.7         375,500         8.0         394,000         8.4           Sep-13         916         560,000         11.8         375,000         7.9         390,000         8.2           Dec-13         920         605,000         12.6         391,000         8.2         421,000         8.8           Mar-14         937         610,000         12.5         405,000         8.3         417,500         8.6           Jun-14         934         620,000         12.8         415,000         8.5         429,000         8.8           Sep-14         934         620,000         12.8         414,500         8.5         420,000         8.6           Dec-14         944         665,000         13.5         430,000         8.8         450,000         9.2           Mar-15         959         696,900         14.0         420,000         8.4         440,000         8.8           Sep-15         963         753,000         15.0         429,250         8.6         462,500         9.2	Sep-12	888	500,000	10.8	348,000	7.5	372,000	8.1	
Jun-13         903         551,250         11.7         375,500         8.0         394,000         8.4           Sep-13         916         560,000         11.8         375,000         7.9         390,000         8.2           Dec-13         920         605,000         12.6         391,000         8.2         421,000         8.8           Mar-14         937         610,000         12.5         405,000         8.3         417,500         8.6           Jun-14         934         620,000         12.8         415,000         8.5         429,000         8.8           Sep-14         934         620,000         12.8         414,500         8.5         420,000         8.6           Dec-14         944         665,000         13.5         430,000         8.8         450,000         9.2           Mar-15         959         696,900         14.0         420,000         8.4         440,000         8.8           Sep-15         962         740,500         14.8         430,000         8.6         462,500         9.2           Dec-15         973         769,600         15.2         440,000         8.7         460,000         9.1	Dec-12	893	526,000	11.3	359,000	7.7	385,000	8.3	
Sep-13         916         560,000         11.8         375,000         7.9         390,000         8.2           Dec-13         920         605,000         12.6         391,000         8.2         421,000         8.8           Mar-14         937         610,000         12.5         405,000         8.3         417,500         8.6           Jun-14         934         620,000         12.8         415,000         8.5         429,000         8.8           Sep-14         934         620,000         12.8         414,500         8.5         420,000         8.6           Dec-14         944         665,000         13.5         430,000         8.8         450,000         9.2           Mar-15         959         696,900         14.0         420,000         8.4         440,000         8.8           Jun-15         962         740,500         14.8         430,000         8.6         460,000         9.2           Sep-15         963         753,000         15.0         429,250         8.6         462,500         9.2           Dec-15         973         769,600         15.2         440,000         8.7         460,000         9.1	Mar-13	907	536,000	11.4	360,000	7.6	385,000	8.2	
Dec-13         920         605,000         12.6         391,000         8.2         421,000         8.8           Mar-14         937         610,000         12.5         405,000         8.3         417,500         8.6           Jun-14         934         620,000         12.8         415,000         8.5         429,000         8.8           Sep-14         934         620,000         12.8         414,500         8.5         420,000         8.6           Dec-14         944         665,000         13.5         430,000         8.8         450,000         9.2           Mar-15         959         696,900         14.0         420,000         8.4         440,000         8.8           Jun-15         962         740,500         14.8         430,000         8.6         460,000         9.2           Sep-15         963         753,000         15.0         429,250         8.6         462,500         9.2           Dec-15         973         769,600         15.2         440,000         8.7         460,000         9.1           Jun-16         979         835,000         16.4         449,000         8.8         486,000         9.5	Jun-13	903	551,250	11.7	375,500	8.0	394,000	8.4	
Mar-14         937         610,000         12.5         405,000         8.3         417,500         8.6           Jun-14         934         620,000         12.8         415,000         8.5         429,000         8.8           Sep-14         934         620,000         12.8         414,500         8.5         420,000         8.6           Dec-14         944         665,000         13.5         430,000         8.8         450,000         9.2           Mar-15         959         696,900         14.0         420,000         8.4         440,000         8.8           Jun-15         962         740,500         14.8         430,000         8.6         460,000         9.2           Sep-15         963         753,000         15.0         429,250         8.6         462,500         9.2           Dec-15         973         769,600         15.2         440,000         8.7         460,000         9.1           Jun-16         979         835,000         16.4         449,000         8.8         486,000         9.5           Sep-16         982         835,000         16.4         432,000         8.5         482,000         9.8	Sep-13	916	560,000	11.8	375,000	7.9	390,000	8.2	
Jun-14         934         620,000         12.8         415,000         8.5         429,000         8.8           Sep-14         934         620,000         12.8         414,500         8.5         420,000         8.6           Dec-14         944         665,000         13.5         430,000         8.8         450,000         9.2           Mar-15         959         696,900         14.0         420,000         8.4         440,000         8.8           Jun-15         962         740,500         14.8         430,000         8.6         460,000         9.2           Sep-15         963         753,000         15.0         429,250         8.6         462,500         9.2           Dec-15         973         769,600         15.2         440,000         8.7         460,000         9.1           Mar-16         977         775,000         15.3         435,000         8.6         460,000         9.5           Sep-16         982         835,000         16.4         432,000         8.5         482,000         9.4           Dec-16         987         850,000         16.6         443,000         8.6         505,000         9.6	Dec-13	920	605,000	12.6	391,000	8.2	421,000	8.8	
Sep-14         934         620,000         12.8         414,500         8.5         420,000         8.6           Dec-14         944         665,000         13.5         430,000         8.8         450,000         9.2           Mar-15         959         696,900         14.0         420,000         8.4         440,000         8.8           Jun-15         962         740,500         14.8         430,000         8.6         460,000         9.2           Sep-15         963         753,000         15.0         429,250         8.6         462,500         9.2           Dec-15         973         769,600         15.2         440,000         8.7         460,000         9.1           Mar-16         977         775,000         15.3         435,000         8.6         460,000         9.1           Jun-16         979         835,000         16.4         449,000         8.8         486,000         9.5           Sep-16         982         835,000         16.4         432,000         8.5         482,000         9.4           Dec-16         987         850,000         16.6         443,000         8.6         505,000         9.6	Mar-14	937	610,000	12.5	405,000	8.3	417,500	8.6	
Dec-14         944         665,000         13.5         430,000         8.8         450,000         9.2           Mar-15         959         696,900         14.0         420,000         8.4         440,000         8.8           Jun-15         962         740,500         14.8         430,000         8.6         460,000         9.2           Sep-15         963         753,000         15.0         429,250         8.6         462,500         9.2           Dec-15         973         769,600         15.2         440,000         8.7         460,000         9.1           Mar-16         977         775,000         15.3         435,000         8.6         460,000         9.1           Jun-16         979         835,000         16.4         449,000         8.8         486,000         9.5           Sep-16         982         835,000         16.4         432,000         8.5         482,000         9.4           Dec-16         987         850,000         16.6         443,000         8.6         505,000         9.6           Mar-17         999         850,000         16.4         435,000         8.4         500,000         9.6	Jun-14	934	620,000	12.8	415,000	8.5	429,000	8.8	
Mar-15       959       696,900       14.0       420,000       8.4       440,000       8.8         Jun-15       962       740,500       14.8       430,000       8.6       460,000       9.2         Sep-15       963       753,000       15.0       429,250       8.6       462,500       9.2         Dec-15       973       769,600       15.2       440,000       8.7       460,000       9.1         Mar-16       977       775,000       15.3       435,000       8.6       460,000       9.1         Jun-16       979       835,000       16.4       449,000       8.8       486,000       9.5         Sep-16       982       835,000       16.4       432,000       8.5       482,000       9.4         Dec-16       987       850,000       16.6       443,000       8.6       505,000       9.8         Mar-17       999       850,000       16.4       435,000       8.4       500,000       9.6	Sep-14	934	620,000	12.8	414,500	8.5	420,000	8.6	
Jun-15         962         740,500         14.8         430,000         8.6         460,000         9.2           Sep-15         963         753,000         15.0         429,250         8.6         462,500         9.2           Dec-15         973         769,600         15.2         440,000         8.7         460,000         9.1           Mar-16         977         775,000         15.3         435,000         8.6         460,000         9.1           Jun-16         979         835,000         16.4         449,000         8.8         486,000         9.5           Sep-16         982         835,000         16.4         432,000         8.5         482,000         9.4           Dec-16         987         850,000         16.6         443,000         8.6         505,000         9.8           Mar-17         999         850,000         16.4         435,000         8.4         500,000         9.6	Dec-14	944	665,000	13.5	430,000	8.8	450,000	9.2	
Sep-15         963         753,000         15.0         429,250         8.6         462,500         9.2           Dec-15         973         769,600         15.2         440,000         8.7         460,000         9.1           Mar-16         977         775,000         15.3         435,000         8.6         460,000         9.1           Jun-16         979         835,000         16.4         449,000         8.8         486,000         9.5           Sep-16         982         835,000         16.4         432,000         8.5         482,000         9.4           Dec-16         987         850,000         16.6         443,000         8.6         505,000         9.8           Mar-17         999         850,000         16.4         435,000         8.4         500,000         9.6	Mar-15	959	696,900	14.0	420,000	8.4	440,000	8.8	
Dec-15         973         769,600         15.2         440,000         8.7         460,000         9.1           Mar-16         977         775,000         15.3         435,000         8.6         460,000         9.1           Jun-16         979         835,000         16.4         449,000         8.8         486,000         9.5           Sep-16         982         835,000         16.4         432,000         8.5         482,000         9.4           Dec-16         987         850,000         16.6         443,000         8.6         505,000         9.8           Mar-17         999         850,000         16.4         435,000         8.4         500,000         9.6	Jun-15	962	740,500	14.8	430,000	8.6	460,000	9.2	
Mar-16       977       775,000       15.3       435,000       8.6       460,000       9.1         Jun-16       979       835,000       16.4       449,000       8.8       486,000       9.5         Sep-16       982       835,000       16.4       432,000       8.5       482,000       9.4         Dec-16       987       850,000       16.6       443,000       8.6       505,000       9.8         Mar-17       999       850,000       16.4       435,000       8.4       500,000       9.6	Sep-15	963	753,000	15.0	429,250	8.6	462,500		
Jun-16         979         835,000         16.4         449,000         8.8         486,000         9.5           Sep-16         982         835,000         16.4         432,000         8.5         482,000         9.4           Dec-16         987         850,000         16.6         443,000         8.6         505,000         9.8           Mar-17         999         850,000         16.4         435,000         8.4         500,000         9.6	Dec-15						460,000	9.1	
Jun-16         979         835,000         16.4         449,000         8.8         486,000         9.5           Sep-16         982         835,000         16.4         432,000         8.5         482,000         9.4           Dec-16         987         850,000         16.6         443,000         8.6         505,000         9.8           Mar-17         999         850,000         16.4         435,000         8.4         500,000         9.6	Mar-16	977	775,000	15.3	435,000	8.6	460,000	9.1	
Sep-16     982     835,000     16.4     432,000     8.5     482,000     9.4       Dec-16     987     850,000     16.6     443,000     8.6     505,000     9.8       Mar-17     999     850,000     16.4     435,000     8.4     500,000     9.6	Jun-16		835,000		449,000		486,000		
Dec-16       987       850,000       16.6       443,000       8.6       505,000       9.8         Mar-17       999       850,000       16.4       435,000       8.4       500,000       9.6	-	982				8.5			
Mar-17 999 850,000 16.4 435,000 8.4 500,000 9.6	-								
					435,000				

# Table 14: Household assets and liabilities – 2006 to 2016 - \$millions

SOURCE: Reserve - Household Assets & Liabilities data set

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Non-financial assets	456,682	478,027	437,374	468,016	462,326	469,964	508,848	548,185	596,433	680,123
Equities	428,142	433,887	406,036	429,415	446,690	447,813	473,831	489,614	529,463	573,346
Other financial assets	129,753	136,567	142,943	150,720	169,033	177,453	190,375	201,978	223,461	241,866
Financial assets	557,895	570,454	548,979	580,135	615,723	625,266	664,206	691,592	752,924	815,212
Total assets	1,014,577	1,048,481	986,353	1,048,151	1,078,049	1,095,230	1,173,054	1,239,777	1,349,357	1,495,335
Loans	122,850	135,724	138,773	142,719	145,121	147,764	154,462	163,438	171,597	183,590
Net worth	891,727	912,757	847,580	905,432	932,928	947,466	1,018,592	1,076,339	1,239,777	1,311,745

Table 15: Estimates of housing stock and population – 1997 to 2017

SOURCE: Statistics New Zealand National Population Estimates and Estimates of Dwellings and Households

June years	Occupied dwellings	Change	Resident population	Change	% Housing stock change	% Population change
1997	1,419,900		3,781,300			
1998	1,445,300	25,400	3,815,000	33,700	1.8%	0.9%
1999	1,466,300	21,000	3,835,100	20,100	1.5%	0.5%
2000	1,493,000	26,700	3,857,700	22,600	1.8%	0.6%
2001	1,512,800	19,800	3,880,500	22,800	1.3%	0.6%
2002	1,532,000	19,200	3,948,500	68,000	1.3%	1.8%
2003	1,557,400	25,400	4,027,200	78,700	1.7%	2.0%
2004	1,585,300	27,900	4,087,500	60,300	1.8%	1.5%
2005	1,614,600	29,300	4,133,900	46,400	1.8%	1.1%
2006	1,638,400	23,800	4,184,600	50,700	1.5%	1.2%
2007	1,661,100	22,700	4,228,300	43,700	1.4%	1.0%
2008	1,683,500	22,400	4,268,900	40,600	1.3%	1.0%
2009	1,699,600	16,100	4,315,800	46,900	1.0%	1.1%
2010	1,712,200	12,600	4,367,800	52,000	0.7%	1.2%
2011	1,725,900	13,700	4,405,200	37,400	0.8%	0.9%
2012	1,737,800	11,900	4,433,000	27,800	0.7%	0.6%
2013	1,752,600	14,800	4,442,100	9,100	0.9%	0.2%
2014	1,771,200	18,600	4,509,700	67,600	1.1%	1.5%
2015	1,792,800	21,600	4,595,700	86,000	1.2%	1.9%
2016	1,816,600	23,800	4,693,200	97,500	1.3%	2.1%
2017	1,842,900	26,300	4,793,900		1.4%	2.1%
20 year total					1.3%	1.2%

Table 16: Migration flows – 1997 to 2017

SOURCE: Statistics New Zealand International Travel and Migration data series

		Australia		All countries				
September years	Arrivals	Departures	Net	Arrivals	Departures	Net		
1997	12,496	25,586	-13,090	71,868	58,969	12,899		
1998	10,951	27,217	-16,266	58,900	62,763	-3,863		
1999	9,890	32,552	-22,662	57,279	67,823	-10,544		
2000	10,846	36,959	-26,113	62,803	72,331	-9,528		
2001	11,489	39,848	-28,359	74,702	76,393	-1,691		
2002	13,007	25,852	-12,845	95,417	58,307	37,110		
2003	14,083	23,393	-9,310	95,540	55,103	40,437		
2004	14,370	27,979	-13,609	81,823	64,066	17,757		
2005	13,607	34,304	-20,697	78,939	72,534	6,405		
2006	13,268	33,866	-20,598	81,641	68,441	13,200		
2007	13,579	39,773	-26,194	83,004	74,695	8,309		
2008	13,237	47,166	-33,929	86,657	82,254	4,403		
2009	14,260	37,362	-23,102	87,209	70,166	17,043		
2010	15,726	33,814	-18,088	82,412	68,498	13,914		
2011	14,678	48,829	-34,151	84,801	84,028	773		
2012	14,209	53,729	-39,520	83,629	86,909	-3,280		
2013	18,108	43,411	-25,303	91,187	76,013	15,174		
2014	22,596	28,582	-5,986	105,468	60,054	45,414		
2015	24,683	24,903	-220	118,882	57,648	61,234		
2016	25,785	23,820	1,965	125,642	55,688	69,954		
2017	25,003	25,069	-66	131,598	60,612	70,986		

Table 17: Consents for new dwellings for Auckland and New Zealand – 1997 to 2017

SOURCE: Statistics New Zealand Building Consents series and Sub-national Population Estimates from Infos database

June years	New Zealand new dwellings consents	Auckland new dwelling consents	Auckland's share of new building consents	Auckland's share of population growth
1997	22,649	8,451	37.3%	62.7%
1998	24,256	9,259	38.2%	66.2%
1999	22,608	9,209	40.7%	78.6%
2000	24,244	9,965	41.1%	73.9%
2001	19,345	7,407	38.3%	73.7%
2002	22,533	9,374	41.6%	55.1%
2003	29,074	12,277	42.2%	53.1%
2004	33,251	12,937	38.9%	47.1%
2005	27,444	9,435	34.4%	49.4%
2006	25,563	7,250	28.4%	47.5%
2007	26,538	6,781	25.6%	44.4%
2008	23,261	5,769	24.8%	41.9%
2009	14,175	3,212	22.7%	37.9%
2010	16,167	3,656	22.6%	37.2%
2011	13,539	3,394	25.1%	60.1%
2012	15,414	4,197	27.2%	70.1%
2013	18,783	5,343	28.4%	49.1%
2014	23,316	6,873	29.5%	49.9%
2015	25,154	8,300	33.0%	50.0%
2016	29,097	9,651	33.2%	45.7%
2017	30,453	10,364	34.0%	42.4%
TOTALS	486,864	163,104	33.5%	51.0%

# Table 18: Estimates of Auckland's housing shortfall – 2007 to 2017

SOURCE: Statistics New Zealand's Sub-National Population Estimates and Building Consents series.

June years	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Resident population	1,390,400	1,405,500	1,421,700	1,439,600	1,459,600	1,476,500	1,493,200	1,526,900	1,569,900	1,614,400	1,657,200
Annual population growth		15,100	16,200	17,900	20,000	16,900	16,700	33,700	43,000	44,500	42,800
Dwellings required for population growth		5,033	5,400	5,967	6,667	5,633	5,567	11,233	14,333	14,833	14,267
Consents for new dwellings		5,769	3,212	3,656	3,394	4,197	5,343	6,873	8,300	9,651	10,364
Surplus/deficit		736	-2,188	-2,311	-3,273	-1,436	-224	-4,360	-6,033	-5,182	-3,903

Table 19: Residential construction industry costs and prices – 1997 to 2017

SOURCE: Statistics New Zealand Producer Price Indices, Consumer Price Indices and Building Consents datasets

				Average construction cost for house	Average floor area	Average PSM cost
September years	PPI Input	PPI Output	CPI	\$s	m <sup>2</sup>	\$s
1997	1,000	1,000	1,000	140,000	181	775
1998	1,004	1,007	1,017	142,600	177	806
1999	996	999	1,012	148,800	180	829
2000	1,017	1,016	1,043	153,900	186	827
2001	1,042	1,036	1,068	162,500	193	841
2002	1,068	1,060	1,096	177,100	204	868
2003	1,084	1,112	1,112	189,800	209	909
2004	1,130	1,211	1,140	202,000	208	971
2005	1,176	1,274	1,179	226,500	217	1,044
2006	1,230	1,342	1,220	242,300	218	1,113
2007	1,310	1,402	1,242	259,100	215	1,208
2008	1,349	1,464	1,305	277,200	215	1,289
2009	1,356	1,447	1,327	299,700	217	1,382
2010	1,391	1,457	1,346	297,500	216	1,377
2011	1,425	1,477	1,408	305,800	215	1,421
2012	1,458	1,508	1,419	309,500	212	1,457
2013	1,480	1,560	1,439	328,600	215	1,532
2014	1,508	1,629	1,453	348,500	214	1,627
2015	1,546	1,705	1,459	366,800	211	1,736
2016	1,571	1,792	1,465	374,900	208	1,803
2017	1,616	1,876	1,493	395,600	207	1,907

Table 20: Dwelling construction costs – 1997 to 2017

SOURCE: Statistics New Zealand - Building consents data series and Consumer Price Index

June years	Number of consents for new dwellings	Total value \$million	Total area m²	Average floor area m²	Value psm \$s	CPI June	Value in 2017 \$ values
1997	22,649	2,943	3,811,759	168	772	821	1,152
1998	24,256	3,142	3,842,254	158	818	835	1,201
1999	22,608	3,039	3,627,858	160	838	832	1,234
2000	24,244	3,392	4,045,680	167	838	849	1,211
2001	19,345	2,848	3,389,215	175	840	876	1,176
2002	22,533	3,670	4,165,784	185	881	900	1,200
2003	29,074	4,781	5,125,629	176	933	913	1,252
2004	33,251	5,960	5,984,823	180	996	935	1,306
2005	27,444	5,643	5,120,121	187	1,102	962	1,405
2006	25,563	5,661	4,898,344	192	1,156	1,000	1,417
2007	26,538	6,413	5,130,935	193	1,250	1,020	1,502
2008	23,261	5,980	4,569,262	196	1,309	1,061	1,512
2009	14,175	3,847	2,781,266	196	1,383	1,081	1,569
2010	16,167	4,484	3,237,207	200	1,385	1,099	1,545
2011	13,539	3,806	2,657,688	196	1,432	1,157	1,517
2012	15,414	4,340	2,960,734	192	1,466	1,168	1,539
2013	18,783	5,710	3,703,114	197	1,542	1,176	1,607
2014	23,316	7,281	4,445,923	191	1,638	1,195	1,680
2015	25,154	8,082	4,596,228	183	1,758	1,200	1,797
2016	29,097	9,901	5,267,976	181	1,879	1,205	1,912
2017	30,453	10,894	5,429,877	178	2,006	1,226	2,006

Table 21: Local government financial statistics – 2010 to 2017

SOURCE: Statistics New Zealand - Local Government Financial Statistics and Auckland Council's Annual Reports

June years	2010	2011	2012	2013	2014	2015	2016	2017
ALL COUNCILS - \$millions								
Current borrowings	1,641	1,892	1,858	2,477	2,043	1,569	2,126	
Non-current borrowings	5,384	5,702	7,067	7,914	9,188	11,315	11,757	
Total borrowings	7,025	7,594	8,925	10,391	11,232	12,884	13,882	
Rates revenue	4,144	4,350	4,512	4,603	4,764	5,003	5,317	
Finance costs	378	506	493	545	599	687	693	
Finances costs as % of rates	9.1%	11.6%	10.9%	11.8%	12.6%	13.7%	13.0%	
AUCKLAND COUNCIL - \$millions								
Current borrowings		950	663	1,290	1,171	1,006	1,447	1,125
Non-current borrowings		3,081	4,369	4,594	5,170	6,328	6,164	7,175
Total borrowings		4,031	5,032	5,884	6,341	7,334	7,611	8,300
Rates revenue		927	1,373	1,337	1,395	1,458	1,564	1,641
Finance costs		221	300	345	372	422	417	471
Finances costs as % of rates		23.8%	21.8%	25.8%	26.7%	28.9%	26.7%	28.7%

Table 22: Estimates of state and social housing units by region – September 2017

SOURCES: Housing New Zealand Annual Reports and Community Housing Aotearoa

	HNZC	Councils	CHO's	Total
Northland	2,175	370	100	2,645
Auckland	27,791	0	5,591	33,382
Waikato	4,547	265	797	5,609
Bay of Plenty	1,567	547	1,492	3,606
Gisborne	1,290	120	54	1,464
Hawkes Bay	2,808	723	80	3,611
Taranaki	1,152	218	315	1,685
Manawatu-Wanganui	2,545	830	88	3,463
Wellington	8,615	2,583	783	11,981
Marlborough	414	101	14	529
Nelson-Tasman	784	314	136	1,234
West Coast	315	174	2,852	3,341
Canterbury	6,894	544	8	7,446
Otago	1,611	696	302	2,609
Southland	409	221	39	669
	62,917	7,706	12,651	83,274
IRR	58,512		4,787	63,299
Market or vacant	4,405	7,706	7,864	19,975

Table 23: Changes in Housing New Zealand's stock by region – 2012 and 2017

SOURCE: Housing New Zealand's Annual Reports

		June 2012					
Region	Owned	Leased	Total	Owned	Leased	Total	Change 2012-17
Northland	2,252	86	2,338	2,095	80	2,175	-7.0%
Auckland	28,857	2,097	30,954	26,180	1,611	27,791	-10.2%
Waikato	4,356	395	4,751	4,242	305	4,547	-4.3%
Bay of Plenty	2,745	127	2,872	1,482	85	1,567	-45.4%
Gisborne	1,330	0	1,330	1,290	0	1,290	-3.0%
Hawkes Bay	3,129	65	3,194	2,749	59	2,808	-12.1%
Taranaki	1,272	5	1,277	1,150	2	1,152	-9.8%
Manawatu-Wanganui	2,976	0	2,976	2,545	0	2,545	-14.5%
Wellington	9,007	122	9,129	8,534	81	8,615	-5.6%
Marlborough	431	10	441	405	9	414	-6.1%
Nelson-Tasman	778	24	802	763	21	784	-2.2%
West Coast	341	9	350	311	4	315	-10.0%
Canterbury	6,438	349	6,787	6,559	335	6,894	1.6%
Otago	1,721	24	1,745	1,587	24	1,611	-7.7%
Southland	496	0	496	409	0	409	-17.5%
Total	66,129	3,313	69,442	60,301	2,616	62,917	-9.4%
Main cities							
Auckland	28,857	2,097	30,954	26,180	1,611	27,791	-10.2%
Hamilton	2,707	333	3,040	2,802	285	3,087	1.5%
Tauranga	1,285	110	1,395	157	75	232	-83.4%
Wellington	8,766	120	8,886	8,309	81	8,390	-5.6%
Christchurch	5,740	346	6,086	5,888	332	6,220	2.2%
Dunedin	1,505	24	1,529	1,411	24	1,435	-6.1%

# Table 24: Social Housing Register by priority – 2014 to 2017

SOURCE: Ministry of Social Development

	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17
Priority A	2,596	2,156	1,828	1,833	1,641	2,010	2,132	2,188	2,482	3,011	3,189	3,422	3,690	4,054
Priority B	2,034	2,033	1,830	1,729	1,711	1,389	1,344	1,361	1,395	1,591	1,582	1,443	1,663	1,790
Total	4,630	4,189	3,658	3,562	3,352	3,399	3,476	3,549	3,877	4,602	4,771	4,865	5,353	5,844

## Table 25 Social Housing Register by type of property – 2015 to 2017

SOURCE: Ministry of Social Development

	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17
1 bedroom	1,481	1,540	1,587	1,734	2,118	2,207	2,239	2,408	2,647
2 bedrooms	1,098	1,144	1,192	1,297	1,538	1,609	1,657	1,856	2,014
3 bedrooms	526	498	482	547	592	568	574	669	753
4 bedrooms	208	216	209	223	269	292	310	305	318
5 or more bedrooms	86	78	79	76	85	94	85	114	112
Total	3,399	3,476	3,549	3,877	4,602	4,771	4,865	5,353	5,844

# Table 26: Social Housing Register by ethnicity of applicants - 2015 to 2017

SOURCE: Ministry of Social Development

	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17
NZ European	922	892	907	963	1,126	1,190	1,241	1,364	1,416
Māori	1,368	1,445	1,548	1,648	2,009	2,156	2,190	2,357	2,623
Pacific peoples	524	532	499	538	621	609	592	692	787
Other	553	576	558	678	780	759	773	836	905
Unknown <sup>1</sup>	32	31	37	50	66	57	69	104	113
Total	3,399	3,476	3,549	3,877	4,602	4,771	4,865	5,353	5,844

Table 27: Social Housing Register by Region – 2014 to 2017

SOURCE: Ministry of Social Development

	Sep-14	Sep-15	Sep-16	Sep-17
Northland	138	124	153	182
Auckland	2,365	1,633	1,907	2,464
Waikato	292	207	259	372
Bay of Plenty	193	190	341	346
Gisborne	31	62	97	109
Hawkes Bay	140	153	192	376
Taranaki	42	45	41	76
Manawatu-Wanganui	54	63	192	312
Wellington	272	235	507	703
Marlborough	29	13	53	67
Nelson-Tasman	28	30	64	114
West Coast	9	9	15	17
Canterbury	526	527	553	539
Otago	63	58	56	97
Southland	17	24	18	43
New Zealand	4,189	3,393	4,602	5,844

NOTE: Regional figures have been rounded from TLA data so do not sum exactly to totals

Table 28: Initial assessments of housing need – 2015 to 2017

SOURCE: Ministry of Social Development

	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Northland	260	215	249	318	238	259
Auckland	1,521	1,320	1,688	2,424	2,015	1,960
Waikato	374	389	547	554	567	524
Bay of Plenty	305	347	381	439	403	377
Gisborne	93	82	102	120	98	168
Hawkes Bay	241	265	230	262	247	339
Taranaki	75	74	98	113	91	131
Manawatu-Wanganui	224	208	269	337	299	409
Wellington	601	544	619	860	658	717
Marlborough	62	66	79	73	82	85
Nelson-Tasman	97	75	81	112	130	126
West Coast	27	28	18	28	23	32
Canterbury	526	577	772	787	701	725
Otago	135	114	110	160	171	195
Southland	44	35	44	54	52	57
Unknown	56	101	65	136	57	94
Total	4,643	4,445	5,353	6,771	5,848	6,209

NOTE: Regional figures have been rounded from TLA data so do not sum exactly to total

Table 29: Households placed on the social housing register by region – 2015 to 2017

SOURCE: Ministry of Social Development

	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Northland	110	122	96	112	83	87
Auckland	483	484	697	1,051	1,044	964
Waikato	61	85	112	124	132	179
Bay of Plenty	95	109	146	162	129	142
Gisborne	34	41	57	56	52	87
Hawkes Bay	79	128	116	169	154	184
Taranaki	27	30	46	62	39	59
Manawatu-Wanganui	109	120	176	203	191	256
Wellington	252	263	303	367	366	330
Marlborough	20	19	25	19	36	32
Nelson-Tasman	18	28	24	34	46	41
West Coast	9	11	9	12	6	11
Canterbury	252	274	377	348	323	351
Otago	46	47	47	58	60	84
Southland	13	14	21	24	18	20
Unknown	330	55	124	53	28	35
Total	1,921	1,822	2,371	2,843	2,704	2,873

NOTE: Regional figures have been rounded from TLA data so do not sum exactly to total

Table 30: Analysis of Ministry of Social Development's social housing purchasing intentions – December 2016

SOURCE: Ministry of Social Development

	Auckland	Rest of NZ	New Zealand
HOUSING NEW ZEALAND			
Housing NZ - additions	2,104	504	2,608
Housing NZ - disposals	1,252	817	2,069
Housing NZ external transfers		1,124	1,124
Net change for Housing New Zealand	852	-1,437	-585
NGO & OTHER NON-STATE PROVIDERS			
Transferred from Housing NZ		1,124	1,124
Transferred from TLA	420	903	1,323
Redirected from existing CHA stock	197	284	481
Leased from private sector	57		57
New builds	183	43	226
Additional IRRS stock excl Housing NZ	857	2,354	3,211
Additional IRRS stock incl Housing NZ	1,709	917	2,626
Additional stock still to be identified	191	973	1,164
Total additional IRRS by 2020	1,900	1,890	3,790

Table 31: Key financial results of Housing New Zealand – 2008 to 2017

SOURCE: Housing New Zealand's Annual Reports

Total liabilities         3,197         3,141         3,915         3,916         3,905         3,918         4,036         4,194         4,233           Net assets         12,296         11,770         11,528         11,623         11,981         13,326         15,561         17,622         19,167           Equity attributable to the Crown         3,587         3,656         3,761         3,781         3,785         3,788         3,788         3,792         3,562           Retained earnings         -77         5         -771         -513         -369         -171         -63         67         287           Revaluation reserve         8,762         8,162         0         0         8,691         9,777         11,866         13,848         15,435           Net equity         12,296         11,770         11,528         11,623         11,981         13,326         15,561         17,622         19,167	June years	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Rents from market tenants         362         376         384         388         398         400         404         406         403           Income related rent subsidies         476         507         533         564         596         633         663         704         473           Other revenue         97         69         71         319         88         89         72         95         142           Total operating revenue         917         952         988         1,71         1,082         1,122         1,139         1,05         1,284           EXPENSES         8         187         217         216         179         174         190         220         222         289           Peperciation         187         217         216         179         174         190         200         222         289           Rates         98         109         114         120         101         102         104         108         115           Interest expenses         16         24         13         112         109         103         66         65         63           Interest expenses         246         280	REVENUE										
Rental income from tenants   362   376   384   388   398   400   404   406   403   1000 me related rent subsidies   476   507   533   564   596   633   663   704   739   739   739   739   731   7319   73	Rents from IRRS tenants							342	355	337	338
Note   Policy   Pol	Rents from market tenants							62	51	66	51
Other revenue         79         69         71         319         88         89         72         95         142           EXPENSES         EXPENSES         Repairs & maintenance         187         217         216         179         174         190         220         222         289           Depreciation         179         178         172         181         180         187         201         215         231           Rates         98         109         114         120         101         102         104         108         115           Third party leases         0         0         0         62         64         66         66         65         63           Interest expenses         126         124         113         112         109         103         96         96         93           Other expenses         246         280         284         926         861         944         924         949         1,098           Total expenses         336         908         884         926         861         944         924         949         1,098           Income tax expense         35         12	Rental income from tenants	362	376	384	388	398	400	404	406	403	389
Total operating revenue   917   952   988   1,271   1,082   1,122   1,139   1,205   1,284	Income related rent subsidies	476	507	533	564	596	633	663	704	739	758
EXPENSES         Repairs & maintenance         187         217         216         179         174         190         220         222         289           Depreciation         179         178         172         181         180         187         201         215         231           Rates         98         109         114         120         101         102         104         108         115           Third party leases         0         0         0         62         64         66         66         65         63           Interest expenses         126         124         113         112         109         103         96         96         93           Other expenses         226         226         272         233         296         237         243         307           Total expenses         836         908         884         926         861         944         924         949         1,098           Operating surplus before tax         81         44         104         159         221         178         200         225         178           Income tax expense         35         12         779	Other revenue	79	69	71	319	88	89	72	95	142	171
Repairs & maintenance         187         217         216         179         174         190         220         222         289           Depreciation         179         178         172         181         180         187         201         215         231           Rates         98         109         114         120         101         102         104         108         115           Third party leases         0         0         0         62         64         66         66         65         63           Interest expenses         126         124         113         112         109         103         96         96         93           Other expenses         246         280         269         272         233         296         237         243         307           Total expenses         836         908         884         926         861         944         924         949         1,098           Operating surplus before tax         81         44         104         159         221         178         200         225         178           Income tax expense         35         12         779         52 <td>Total operating revenue</td> <td>917</td> <td>952</td> <td>988</td> <td>1,271</td> <td>1,082</td> <td>1,122</td> <td>1,139</td> <td>1,205</td> <td>1,284</td> <td>1,318</td>	Total operating revenue	917	952	988	1,271	1,082	1,122	1,139	1,205	1,284	1,318
Depreciation         179         178         172         181         180         187         201         215         231           Rates         98         109         114         120         101         102         104         108         115           Third party leases         0         0         0         62         64         66         66         65         63           Interest expenses         126         124         113         112         109         103         96         96         93           Other expenses         246         280         269         272         233         296         237         243         307           Total expenses         836         908         884         926         861         944         924         949         1,098           Income tax expense         35         12         779         52         63         58         59         62         44           Net surplus after tax         46         32         -675         107         158         120         141         163         134           Total assets         15,493         14,911         15,443         15,539	EXPENSES										
Rates         98         109         114         120         101         102         104         108         115           Third party leases         0         0         0         62         64         66         66         65         63           Interest expenses         126         124         113         112         109         103         96         96         93           Other expenses         246         280         269         272         233         296         237         243         307           Total expenses         836         908         884         926         861         944         924         949         1,098           Operating surplus before tax         81         44         104         159         221         178         200         225         178           Income tax expense         35         12         779         52         63         58         59         62         44           Net surplus after tax         46         32         -675         107         158         120         141         163         134           Total lassets         15,493         14,911         15,443         15	Repairs & maintenance	187	217	216	179	174	190	220	222	289	315
Third party leases         0         0         0         62         64         66         66         65         63           Interest expenses         126         124         113         112         109         103         96         96         93           Other expenses         246         280         269         272         233         296         237         243         307           Total expenses         836         908         884         926         861         944         924         949         1,098           Operating surplus before tax         81         44         104         159         221         178         200         225         178           Income tax expense         35         12         779         52         63         58         59         62         44           Net surplus after tax         46         32         -675         107         158         120         141         163         134           Total assets         15,493         14,911         15,443         15,539         15,886         17,244         19,597         21,816         23,400           Total liabilities         3,197         3,141	Depreciation	179	178	172	181	180	187	201	215	231	246
Interest expenses         126         124         113         112         109         103         96         96         93           Other expenses         246         280         269         272         233         296         237         243         307           Total expenses         836         908         884         926         861         944         924         949         1,098           Operating surplus before tax         81         44         104         159         221         178         200         225         178           Income tax expense         35         12         779         52         63         58         59         62         44           Net surplus after tax         46         32         -675         107         158         120         141         163         134           Total assets         15,493         14,911         15,443         15,539         15,886         17,244         19,597         21,816         23,400           Net assets         12,296         11,770         11,528         11,623         11,981         13,326         15,561         17,622         19,167           Equity attributable to the Crown	Rates	98	109	114	120	101	102	104	108	115	113
Other expenses         246         280         269         272         233         296         237         243         307           Total expenses         836         908         884         926         861         944         924         949         1,098           Operating surplus before tax         81         44         104         159         221         178         200         225         178           Income tax expense         35         12         779         52         63         58         59         62         44           Net surplus after tax         46         32         -675         107         158         120         141         163         134           Total assets         15,493         14,911         15,443         15,539         15,886         17,244         19,597         21,816         23,400           Total liabilities         3,197         3,141         3,915         3,916         3,905         3,918         4,036         4,194         4,233           Net assets         12,296         11,770         11,528         11,623         11,981         13,326         15,661         17,622         19,167           Equity attributabl	Third party leases	0	0	0	62	64	66	66	65	63	61
Total expenses         836         908         884         926         861         944         924         949         1,098           Operating surplus before tax         81         44         104         159         221         178         200         225         178           Income tax expense         35         12         779         52         63         58         59         62         44           Net surplus after tax         46         32         -675         107         158         120         141         163         134           Total assets         15,493         14,911         15,443         15,539         15,886         17,244         19,597         21,816         23,400           Total liabilities         3,197         3,141         3,915         3,916         3,905         3,918         4,036         4,194         4,233           Net assets         12,296         11,770         11,528         11,623         11,981         13,326         15,561         17,622         19,167           Equity attributable to the Crown         3,587         3,656         3,761         3,781         3,785         3,788         3,788         3,792         3,562	Interest expenses	126	124	113	112	109	103	96	96	93	87
Operating surplus before tax Income tax expense         81         44         104         159         221         178         200         225         178           Income tax expense         35         12         779         52         63         58         59         62         44           Net surplus after tax         46         32         -675         107         158         120         141         163         134           Total assets         15,493         14,911         15,443         15,539         15,886         17,244         19,597         21,816         23,400           Total liabilities         3,197         3,141         3,915         3,916         3,905         3,918         4,036         4,194         4,233           Net assets         12,296         11,770         11,528         11,623         11,981         13,326         15,561         17,622         19,167           Equity attributable to the Crown         3,587         3,656         3,761         3,781         3,788         3,788         3,792         3,562           Retained earnings         -77         5         -771         -513         -369         -171         -63         67         287      <	Other expenses	246	280	269	272	233	296	237	243	307	375
Income tax expense         35         12         779         52         63         58         59         62         44           Net surplus after tax         46         32         -675         107         158         120         141         163         134           Total assets         15,493         14,911         15,443         15,539         15,886         17,244         19,597         21,816         23,400           Total liabilities         3,197         3,141         3,915         3,916         3,905         3,918         4,036         4,194         4,233           Net assets         12,296         11,770         11,528         11,623         11,981         13,326         15,561         17,622         19,167           Equity attributable to the Crown         3,587         3,656         3,761         3,781         3,785         3,788         3,788         3,792         3,562           Retained earnings         -77         5         -771         -513         -369         -171         -63         67         287           Revaluation reserve         8,762         8,162         0         0         8,691         9,777         11,866         13,848         15,435     <	Total expenses	836	908	884	926	861	944	924	949	1,098	1,197
Net surplus after tax         46         32         -675         107         158         120         141         163         134           Total assets         15,493         14,911         15,443         15,539         15,886         17,244         19,597         21,816         23,400           Total liabilities         3,197         3,141         3,915         3,916         3,905         3,918         4,036         4,194         4,233           Net assets         12,296         11,770         11,528         11,623         11,981         13,326         15,561         17,622         19,167           Equity attributable to the Crown         3,587         3,656         3,761         3,781         3,785         3,788         3,788         3,792         3,562           Retained earnings         -77         5         -771         -513         -369         -171         -63         67         287           Revaluation reserve         8,762         8,162         0         0         8,691         9,777         11,866         13,848         15,435           Net equity         12,296         11,770         11,528         11,623         11,981         13,326         15,561         17,622	Operating surplus before tax	81	44	104	159	221	178	200	225	178	81
Total assets         15,493         14,911         15,443         15,539         15,886         17,244         19,597         21,816         23,400           Total liabilities         3,197         3,141         3,915         3,916         3,905         3,918         4,036         4,194         4,233           Net assets         12,296         11,770         11,528         11,623         11,981         13,326         15,561         17,622         19,167           Equity attributable to the Crown         3,587         3,656         3,761         3,781         3,785         3,788         3,788         3,792         3,562           Retained earnings         -77         5         -771         -513         -369         -171         -63         67         287           Revaluation reserve         8,762         8,162         0         0         8,691         9,777         11,866         13,848         15,435           Net equity         12,296         11,770         11,528         11,623         11,981         13,326         15,561         17,622         19,167	Income tax expense	35	12	779	52	63	58	59	62	44	16
Total liabilities         3,197         3,141         3,915         3,916         3,905         3,918         4,036         4,194         4,233           Net assets         12,296         11,770         11,528         11,623         11,981         13,326         15,561         17,622         19,167           Equity attributable to the Crown         3,587         3,656         3,761         3,781         3,785         3,788         3,788         3,792         3,562           Retained earnings         -77         5         -771         -513         -369         -171         -63         67         287           Revaluation reserve         8,762         8,162         0         0         8,691         9,777         11,866         13,848         15,435           Net equity         12,296         11,770         11,528         11,623         11,981         13,326         15,561         17,622         19,167	Net surplus after tax	46	32	-675	107	158	120	141	163	134	65
Net assets         12,296         11,770         11,528         11,623         11,981         13,326         15,561         17,622         19,167           Equity attributable to the Crown         3,587         3,656         3,761         3,781         3,785         3,788         3,788         3,792         3,562           Retained earnings         -77         5         -771         -513         -369         -171         -63         67         287           Revaluation reserve         8,762         8,162         0         0         8,691         9,777         11,866         13,848         15,435           Net equity         12,296         11,770         11,528         11,623         11,981         13,326         15,561         17,622         19,167	Total assets	15,493	14,911	15,443	15,539	15,886	17,244	19,597	21,816	23,400	25,907
Equity attributable to the Crown         3,587         3,656         3,761         3,781         3,785         3,788         3,788         3,792         3,562           Retained earnings         -77         5         -771         -513         -369         -171         -63         67         287           Revaluation reserve         8,762         8,162         0         0         8,691         9,777         11,866         13,848         15,435           Net equity         12,296         11,770         11,528         11,623         11,981         13,326         15,561         17,622         19,167           Dividend paid to Crown         13         2         132         71         68         77         90         108         30	Total liabilities	3,197	3,141	3,915	3,916	3,905	3,918	4,036	4,194	4,233	4,309
Retained earnings         -77         5         -771         -513         -369         -171         -63         67         287           Revaluation reserve         8,762         8,162         0         0         8,691         9,777         11,866         13,848         15,435           Net equity         12,296         11,770         11,528         11,623         11,981         13,326         15,561         17,622         19,167           Dividend paid to Crown         13         2         132         71         68         77         90         108         30	Net assets	12,296	11,770	11,528	11,623	11,981	13,326	15,561	17,622	19,167	21,598
Revaluation reserve         8,762         8,162         0         0         8,691         9,777         11,866         13,848         15,435           Net equity         12,296         11,770         11,528         11,623         11,981         13,326         15,561         17,622         19,167           Dividend paid to Crown         13         2         132         71         68         77         90         108         30	Equity attributable to the Crown	3,587	3,656	3,761	3,781	3,785	3,788	3,788	3,792	3,562	3,557
Net equity         12,296         11,770         11,528         11,623         11,981         13,326         15,561         17,622         19,167           Dividend paid to Crown         13         2         132         71         68         77         90         108         30	Retained earnings	-77	5	-771	-513	-369	-171	-63	67	287	536
Dividend paid to Crown 13 2 132 71 68 77 90 108 30	Revaluation reserve	8,762	8,162	0	0	8,691	9,777	11,866	13,848	15,435	17,577
·	Net equity	12,296	11,770	11,528	11,623	11,981	13,326	15,561	17,622	19,167	21,598
Capital contribution from Crown 99 69 105 20 4 3 0 4 2	Dividend paid to Crown	13	2	132	71	68	77	90	108	30	0
	Capital contribution from Crown	99	69	105	20	4	3	0	4	2	-5
Net contribution by Crown 86 67 -27 -51 -64 -74 -90 -104 -28	Net contribution by Crown	86	67	-27	-51	-64	-74	-90	-104	-28	-5

# Table 32: Expenditure on housing subsidies – 2008 to 2018

SOURCE: Treasury: Budget Economic and Fiscal Updates

#### \$millions

June years	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Accommodation Supplement	891	989	1,154	1,197	1,195	1,177	1,146	1,129	1,164	1,129	1,219
Income Related Rents	474	512	522	553	580	611	660	703	755	848	900
Emergency Housing									3	8	49
KiwiSaver Deposit Subsidy				2	11	16					
Homestart grants							26	37	70	75	102
Total	1,365	1,501	1,676	1,752	1,786	1,804	1,832	1,869	1,992	2,060	2,269

# Table 33: Numbers of payments made for Accommodation Supplement and the main working age benefits - 2012 to 2017

SOURCE: Ministry of Social Development - Benefit Factsheets

At 30 September	2012	2013	2014	2015	2016	2017
Number of AS payments made	306,238	297,179	292,546	293,570	291,352	285,485
Number of working age benefits paid	320,942	304,394	294,321	287,167	283,875	277,220

Table 34: Regional estimates of the rental housing stock and Accommodation Supplement payments – June 2017

SOURCE: Ministry of Social Development - supplied on a customised basis

	Estimate of rental housing stock	Estimate of number of tenants receiving AS	Estimate of total number of AS payments made	AS tenants payments as proportion of rental stock
Northland	27,400	9,290	14,762	34%
Auckland	216,700	61,989	90,745	29%
Waikato	74,900	18,867	28,222	25%
Bay of Plenty	45,600	15,570	24,503	34%
Gisborne	7,800	2,362	3,834	30%
Hawkes Bay	23,600	7,945	12,796	34%
Taranaki	16,600	4,624	7,002	28%
Manawatu-Wanganui	37,100	11,756	18,523	32%
Wellington	73,200	17,607	26,569	24%
Marlborough	6,100	1,651	2,316	27%
Nelson-Tasman	14,100	4,606	6,512	33%
West Coast	5,700	1,343	2,149	24%
Canterbury	86,000	17,596	25,775	20%
Otago	33,500	6,905	10,022	21%
Southland	14,000	3,169	4,875	23%
Other		3,976	6,544	
Total	682,300	189,256	285,149	28%

Table 35: Recipients receiving the maximum Accommodation Supplement Payment by MSD region – June 2017

SOURCE: Ministry of Social Development – supplied on a customised basis

MSD Regions	Tenants receiving AS	% receiving maximum	Boarded receiving AS	% receiving maximum	Owner receiving AS	% receiving maximum	All recipients of AS	% receiving maximum
Northland	9,249	71%	3,819	14%	1,543	56%	14,611	54%
Auckland	60,984	50%	18,447	1%	9,501	27%	89,721	39%
Waikato	16,748	70%	5,988	12%	2,276	56%	25,012	55%
Taranaki	9,300	66%	3,572	12%	1,668	53%	14,540	51%
Bay of Plenty	16,807	57%	6,464	8%	2,754	45%	26,025	43%
East Coast	9,568	66%	4,210	9%	1,738	53%	15,679	48%
Central	12,570	66%	4,349	12%	2,543	54%	19,462	52%
Wellington	13,168	54%	4,663	6%	2,226	42%	20,057	43%
Nelson	7,656	58%	1,574	10%	1,784	46%	11,014	49%
Canterbury	16,110	66%	4,519	13%	2,993	55%	23,622	54%
Southern	12,068	61%	3,461	15%	2,453	46%	17,982	51%
Other	4,122	38%	2,273	4%	320	23%	6,830	27%
Total	188,350	59%	63,339	8%	31,799	43%	284,555	46%

# Table 36: Numbers of people receiving both New Zealand Superannuation and the Accommodation Supplement – 2010 to 2017

SOURCE: Customised data provided by Ministry of Social Development

	Jun-10	Jun-11	Jun-12	Jun-13	Jun-14	Jun-15	Jun-16	Jun-17
People receiving NZ Superannuation & AS and renting	18,445	19,555	21,118	22,667	23,816	25,346	27,035	28,434
All people receiving both NZ Superannuation & AS	26,458	27,711	29,689	31,686	33,388	35,488	37,527	39,463
Total number of people receiving NZ Superannuation	550,520	571,239	598,933	626,313	653,247	677,935	704,607	729,445
% of people receiving NZ Superannuation also receiving AS	4.8%	4.9%	5.0%	5.1%	5.1%	5.2%	5.3%	5.4%

### **Table 37: Applications and approvals for Homestart grants**

SOURCE: Housing New Zealand Financial Products Reports

Year ending 30 June	2015	2016	2017
Total Applications	15,636	26,763	31,731
Approved	7,190	15,374	16,712
Pre-approved	2,476	12,943	17,472
In process	2,016	363	315
Declined	2,820	7,524	8,184

Table 38: Transitional housing places for selected regions – 2016 to 2017

SOURCE: Ministry of Social Development

	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Target
Auckland	210	252	265	470	656	915
Hamilton	15	15	22	44	87	74
Tauranga	3	3	3	25	44	58
Wellington	46	46	46	54	68	91
Christchurch	125	125	129	165	212	259
Dunedin	12	12	12	13	21	25
Rest of New Zealand	232	232	259	352	575	733
Total	643	685	736	1,233	1,663	2,155

Table 39: Provision of emergency housing assistance by Ministry of Social Development - 2016 to 2017

SOURCE: Ministry of Social Development

	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17
Emergency Housing Special Needs Grants		2,510	3,616	4,133	2,377
Priority A applicants in insecure housing	1,139	1,283	1,642	1,855	2,168
Priority A applicants in transitional housing			116	192	448